# The Coca-Cola Company
## Annual Report 1983

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**Soft Drink Business Sectors.** The Coca-Cola Company is the world leader in the production and distribution of syrups and concentrates for soft drinks. More than 35 percent of all soft drinks consumed worldwide in 1983 were Company products, sold in more than 155 countries through more than 1,400 bottlers and 4,000 fountain wholesalers and distributors. Soft drinks represented 69 percent of 1983 net revenues and 80 percent of operating income from the Company's four Business Sectors. Coca-Cola, the world's number one soft drink, generated 72 percent of the Company's worldwide soft drink unit sales volume.

**North America Soft Drink Business Sector** is made up of the soft drink operations in the United States (Coca-Cola USA) and Canada (Coca-Cola Ltd.). Soft drink unit sales in the North America Sector represented 40 percent of the Company's total worldwide soft drink volume in 1983.

**International Soft Drink Business Sector** encompasses all Company soft drink operating units outside the United States and Canada. Soft drink unit sales in the International Sector accounted for 60 percent of the Company's 1983 total worldwide soft drink volume.

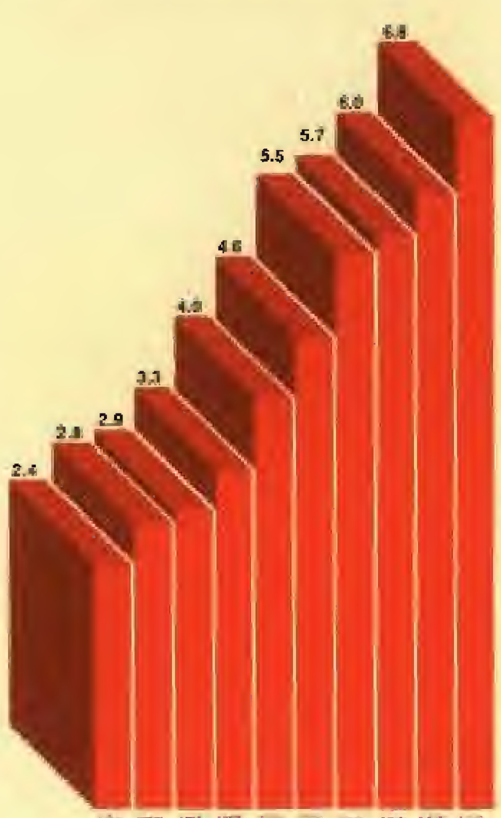

**Foods Business Sector.** The Coca-Cola Company Foods Division, the largest operating unit in the Foods Business Sector, is one of the world's leading citrus processors. The Foods Division produces and markets the Minute Maid brand of frozen and chilled juices, Five Alive frozen and chilled fruit-juice beverages, Hi-C fruit drinks, Maryland Club and Butter-Nut brand coffees and Ronco pasta products. Belmont Springs Water Co., Inc., which markets bottled water in the greater Boston area, is another unit of the Foods Division. Also within the Foods Business Sector is Presto Products, Incorporated, a leading private-label supplier of household consumer products.


**Entertainment Business Sector.** The various units of Columbia Pictures Industries, Inc., as well as one-third equity in Tri-Star Pictures, a new motion picture studio jointly owned by Columbia, CBS Inc., and Time Inc.'s Home Box Office, form the Entertainment Business Sector. Columbia is a major producer and distributor of films and television programs and participates in joint ventures for the production and worldwide marketing and distribution of home entertainment videocassettes and videodiscs. Columbia's subsidiary, Mylstar Electronics, Inc., manufactures and markets coin-operated electronic amusement games.

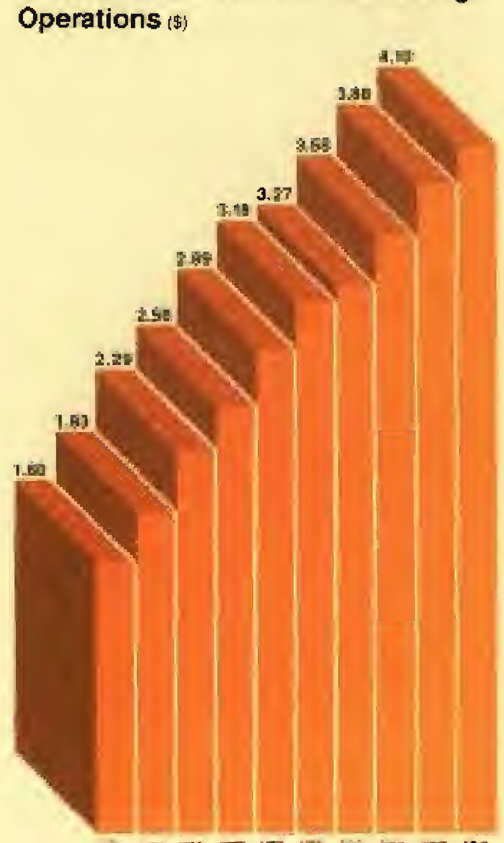
(In millions except per share data)

| Year Ended December 31, | 1983 | 1982 | % Change |
|---|---|---|---|
| Net operating revenues | $6,829.0 | $6,021.1 | 13.4% |
| Operating income | $ 992.6 | $ 879.8 | 12.8% |
| Income from continuing operations before income taxes | $1,000.3 | $ 918.1 | 9.0% |
| Income from continuing operations | $ 558.3 | $ 503.0 | 11.0% |
| Net income | $ 558.8 | $ 512.2 | 9.1% |
| Income per share from continuing operations | $ 4.10 | $ 3.88 | 5.7% |
| Net income per share | $ 4.10 | $ 3.95 | 3.8% |
| Dividends per share | $ 2.68 | $ 2.48 | 8.1% |
| Shareholders' equity at year-end | $2,920.8 | $2,778.7 | 5.1% |
| Income from continuing operations to net operating revenues | 8.2% | 8.4% | |
| Income from continuing operations to average shareholders' equity | 19.6% | 19.9% | |

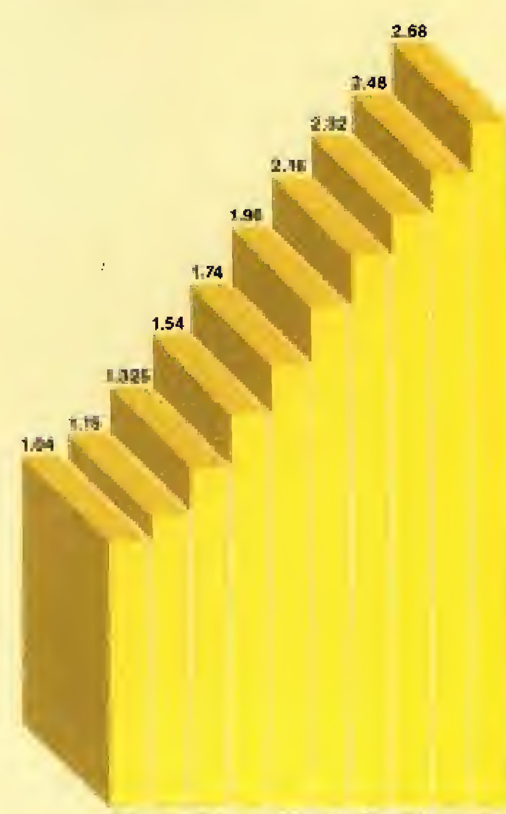
**Net Operating Revenues** ($ Billions)




**Income Per Share From Continuing Operations** ($)




**Dividends Per Share** ($)



# To Our Shareholders:

The Coca-Cola Company had an excellent year in 1983, achieving substantial growth in industries characterized by dynamic changes, and we were at the forefront of those changes.

To operate more effectively in today's business environment and more sharply focus management's attention on the expansion opportunities within the industries in which we operate, we have regrouped the Company's various units into four Business Sectors. The North America Soft Drink Business Sector is made up of our soft drink businesses in the United States (Coca-Cola USA) and Canada (Coca-Cola Ltd.), while the International Soft Drink Business Sector includes our soft drink operating units in the rest of the world. Our Houston-based Foods Division and Presto Products, Incorporated, make up the Foods Business Sector. Our Entertainment Business Sector, headquartered in New York City, presently consists of the various units of Columbia Pictures Industries, Inc., along with the Company's share of equity in, and direction of, the joint-venture movie studio, Tri-Star Pictures.

In 1983, the North America and the International Soft Drink Business Sectors achieved significant increases in unit sales, profit and market share, further enhancing the Company's position as the driving force in the competitive worldwide soft drink industry. New products and packaging and aggressive marketing activities led the Foods Business Sector to a record performance in volume, share and earnings, in spite of strong, new competitors in the industry. Our Entertainment Business Sector produced overall profits well above expectations in Columbia Pictures' first full year as part of the Company.

**Operating Highlights.** For the Company as a whole, operating income increased 12.8 percent. Net income from continuing operations in 1983 increased 11.0 percent and earnings per share from continuing operations increased 5.7 percent. Our return on average shareholders' equity was 19.6 percent for the year.

Our primary financial goals are to continue growth in earnings per share and to increase the return on shareholders' equity. We will continue to look for additional high-return investment opportunities in the years ahead.

Last year the Company reached important milestones toward realizing its strategic vision for this decade. In the soft drink area, our North America Soft Drink Business Sector further strengthened its leadership position in every category—take-home, fountain and bottle/can vending markets. At the close of the year, the Company's soft drinks achieved the strongest gain in U.S. market share in more than 12 years.

The best example of our commitment to invest in high-growth opportunities was last year's explosive growth of diet Coke. Introduced only in July 1982, this

*Roberto C. Goizueta (right), Chairman, Board of Directors, and Chief Executive Officer, with Donald R. Keough, President and Chief Operating Officer*

product captured 17 percent of the fast-growing U.S. diet soft drink market segment by the end of 1983 and became the fourth largest-selling soft drink and the top low-calorie drink in North America.

Last year we also launched caffeine-free versions of our leading soft drinks, Coca-Cola, diet Coke and TAB, in the United States as well as in four international markets.

**International Soft Drink Investment Opportunities.** The Company and its bottlers introduced diet Coca-Cola to 28 markets outside the United States and Canada, capitalizing on the enormous international growth potential for low-calorie soft drinks. In previously established low-calorie markets, diet Coke is by far the leader. Diet Coke also has been introduced to establish low-calorie markets where none existed and is creating and filling demand.

Outside the United States, the fountain business is only emerging, and we view its expansion as an opportunity full of promise. Last year our international fountain unit volume increased 9 percent, and we have placed a high priority on this growing business segment.

Even our most aggressive actions to enhance the Company's worldwide soft drink leadership would be unsuccessful without a vigorous bottling system in place. The Coca-Cola bottler system has always been strong, but we are begin-

ning to realize even greater results from our three-year-old bottler refranchising program. Since 1981, in the United States alone, the Company has participated in transactions valued at nearly $2.5 billion to ensure that the new owners of Coca-Cola bottling companies are committed to the same growth goals as we. Outside the United States, the Company has been instrumental in bottler ownership changes primarily in Canada, Germany, Greece and Venezuela. In each market, these aggressive new bottlers are attaining growth in soft drink volume and market share. A dramatic example is the Philippines, where our 1981 $30-million joint-venture bottling agreement has brought a staggering business turnaround. Unit volume increased over 30 percent in both 1982 and 1983, and we have recaptured the leading market share position in that country.

**Soft Drink Operating Results.** Virtually all our soft drink operations contributed significantly to a superior Company performance in 1983. Soft drink unit volume in North America increased 7 percent, and operating income increased strongly. Coca-Cola USA enjoyed a 7-percent increase in retail unit sales and a substantial profit gain for the year, while Canada posted unit-volume growth of 11 percent and an excellent improvement in operating income.

Internationally, soft drink unit volume achieved continued increases in 1983, and operating income increased 4 percent. Excluding operations in Latin America, the International Soft Drink Business Sector's unit volume increased 7 percent in 1983 and operating income increased 18 percent — this in spite of the weakness of most foreign hard currencies relative to the U.S. dollar. Soft drink per-unit profitability also improved in every major geographical area except Latin America.

As a result of severely depressed economic conditions in Latin America, associated with reduced consumer purchasing power—coupled with government-imposed price controls and sharply declining exchange rates — unit volume declined 8 percent and operating income decreased 44 percent to $69 million. Nevertheless, in 1983 we maintained our soft drink market share in Latin America at over 44 percent, attributable to the success of "Coke is it!" advertising, careful attention to packaging and pricing, and excellent product marketing and distribution by our local bottlers. Although our income from Latin America was lower in 1983 than 1982, we posted an operating profit in virtually every market. Latin America presents excellent long-term opportunities based on a large, youthful population.

In Europe and Africa, operating income increased 18 percent as a result of a 5-percent rise in soft drink unit volume. Our soft drink business in the Pacific achieved a 9-percent increase in unit volume for 1983. New products and packages in Japan contributed to a 9-percent rise in volume and a dramatically accelerating growth trend, well above the industry rate and any of our competitors. Our combined Pacific operations achieved a 17-percent increase in earnings in 1983.

**Foods Operating Results.** The Foods Division had another year of impressive gains in 1983 with a good increase in operating profit, the result of a 10-percent rise in unit sales of frozen concentrated orange juice and 10-percent growth in chilled orange juice unit sales. One of every four glasses of orange juice made from frozen concentrate in the United States is Minute Maid — the clear market leader. Despite the emergence in 1983 of new, competing orange juice brands, Minute Maid achieved an all-time high market share during the year of approximately 25 percent, 2.5 percentage points above the previous high attained in 1982.

To capitalize further on the growth of the orange juice category, the Foods Sector is segmenting the market and expanding the Minute Maid line with new packages and two new products — Minute Maid reduced acid orange juice and Minute Maid orange juice with more pulp, each aimed at satisfying specific consumer preferences.

With the rollout of the Hi-C line of fruit drinks in convenient, single-serving aseptic packages that require no refrigeration, the Foods Sector revitalized this market segment, and the Hi-C brand increased 21 percent in sales volume.

**Entertainment Operating Results.** In our newest business area, the rapidly expanding entertainment industry, we are pleased to report that our Entertainment Business Sector surpassed expectations for its first full year as part of the Company, earning $91 million in 1983 operating income, attributable largely to record profits from Columbia's television operations.

Columbia Pictures Television continued its industry leadership in supplying network programming, and it posted an outstanding year in syndication activities. These achievements resulted in the television division contributing the largest share of Columbia's overall annual profits for the first time.

Profits from the theatrical release of motion pictures in 1983 in this country fell short of projections for the year. Although Columbia Pictures' overall film profit performance last year was disappointing, "Tootsie" achieved excellent results. Moreover, Columbia swept last year's Academy Awards, with "Tootsie" and "Gandhi" capturing a total of nine Oscars, including "Best Picture" for "Gandhi." Impressive success for both "Tootsie" and "Gandhi" in international markets contributed significantly to the Entertainment Business Sector's 1983 profit performance, and "Tootsie" now ranks as the highest-grossing film in Columbia's history. In the fall, the attention of American movie-goers was captured by "The Big Chill," which enjoyed excellent box-office receipts and produced a strong earnings stream.

Mylstar Electronics, Inc., formerly D. Gottlieb & Co., showed very good performance with its highly successful video game, "Q*bert," and introduced near year-end a new state-of-the-art, laser-technology, coin-operated game called "M.A.C.H. 3."

Recent joint-venture agreements put into place by the Entertainment Business Sector provide additional opportunities for long-term growth. The first films from Tri-Star Pictures — the new joint-venture movie studio formed by Columbia, CBS Inc., and Time Inc.'s Home Box Office — will be released in the spring of 1984, and, from that point forward, Tri-Star will begin contributing to Columbia's revenues through box-office earnings and distribution fees. Other Columbia arrangements, such as financing and licensing agreements with HBO and CBS, provide important outside financing and significantly reduce the risk for Columbia's production of motion pictures. Columbia continues to participate in successful joint ventures with RCA for worldwide marketing and distribution of videocassettes and videodiscs and with Bell & Howell for the production of videocassettes.

**Future Investments.** While we have been concentrating our investments in high-growth opportunities, we have divested businesses which generate lower returns. Last November's sale of The Wine Spectrum to Joseph E. Seagram & Sons, Inc., was in line with our strategy to concentrate our resources on the business areas where return on assets is the highest. The sale of The Wine Spectrum affords us new resources to apply to our other businesses.

Looking to the future, we are taking hold of a number of opportunities to support and expand our existing businesses — investments for growth that will help the Company achieve its financial objectives. In our North America and International Soft Drink Business Sectors, we will continue to commit funds to ensure a financially sound, aggressive franchise system; to build a strong international fountain business; and to remain the leader in the innovation and application of packaging, ingredients, distribution systems and sales equipment. Investment areas for the Foods Business Sector include fruit juices and fruit drinks in both U.S. and international markets, as well as expansion of aseptic packaging capacity. We will continue to explore investment opportunities in the specialty processed-food area that offer good margins and potential for further growth of the Foods Business Sector. The Entertainment Business Sector will be a principal recipient of additional investment activity. We expect to increase film production through further innovative financing arrangements and joint ventures, and we are examining the advisability of expanding our involvement in the U.S. and international cable television industry.

In order to provide a source of ready capital to finance projects in support of our business, we recently formed a new subsidiary, Coca-Cola Financial Corporation. This subsidiary will support investments in sales and production equipment by

our bottlers and other customers.

In the future, the Company will be just as aggressive with its financial policies as it has become in the past few years with its successful operating policies. Specifically, while we will always remain a financially strong Company, we intend to use low-cost debt in our Company's financial structure to a greater extent than we have in the past. This will permit us to be ready to invest in high-growth, high-return opportunities as they become available to us. Furthermore, as stated publicly on previous occasions, and as a general rule, we plan to increase the percentage of earnings reinvested in our business by raising dividends annually at a rate lower than the prior year's growth in earnings per share, thus decreasing over time our dividend payout ratio, which in 1983 reached 65 percent.

**Dividend and Other Board Matters.** At its February 16, 1984, meeting, the Directors declared a quarterly dividend of 69 cents, equivalent to a full-year dividend in 1984 of $2.76 per share, a 3-percent increase over the 1983 dividend. This is the 22nd consecutive year in which our Board of Directors has approved dividend increases. As one implementation step of our new financial policies endorsed by the Board, the Directors approved the Company's repurchase of six million shares of its common stock for cash in the open market. We believe this action offers significant benefits to shareholders as it will enhance our return on equity and earnings per share. This move also demonstrates our continued confidence in the future growth of the business.

Also at this February meeting, the Board of The Coca-Cola Company elected as a Director Richard J. Flamson III, Chairman and Chief Executive Officer of Security Pacific Corporation in Los Angeles, whom we warmly welcome. Mr. Flamson brings exceptional talents to our Board, and the Company will benefit greatly from his participation as a Director.

In 1983, three Directors did not stand for re-election. Thomas H. Choate, Fillmore B. Eisenberg and Lindsey Hopkins contributed broad knowledge, ability, experience and sound judgment in their service to our Board over 57 collective years, which we recognize with deep gratitude.

**Strategic Focus.** We take pride in the Company's 1983 accomplishments, particularly when judged against the targets we set in 1981. At that time we committed ourselves to our "Strategy for the 1980s," a key goal of which is to continue a strong financial and operating performance. There is no greater resource in our Company for achieving this objective than that represented by the wealth of experience and by the commitment and resolve of our people — those who generate the ideas and make the many daily decisions which affect our "bottom line" and our future. Backed by the support and wise guidance of our Board of Directors and complemented by the strength and vitality of our bottling partners worldwide, our organization is functioning cohesively and with a sharp strategic focus. We look with confidence to meeting the challenges of 1984 and beyond.

*Roberto C. Goizueta*
*Chairman, Board of Directors,*
*and Chief Executive Officer*

*Donald R. Keough*
*President and*
*Chief Operating Officer*

February 16, 1984

# Soft Drink Business Sectors

**Company enhances worldwide industry leadership**

**Diet Coke, now North America's number one diet soft drink, launched in 28 international markets**

**Coca-Cola USA strengthens leadership in take-home, fountain and bottle/can vending markets**

**Europe and Africa, Pacific post excellent results**

In the worldwide soft drink industry, The Coca-Cola Company enhanced its competitive stance with a 3-percent rise in combined soft drink unit volume and further improvements in market share. This performance was fueled by substantial growth in the diet soft drink segment and the realization of benefits from our strengthened international bottling system. Operating earnings from soft drinks increased 7 percent and contributed 80 percent of operating income from the Company's four Business Sectors.

## North America Soft Drink Business Sector

In the North America Soft Drink Business Sector, soft drink unit volume rose 7 percent, and operating income increased strongly.

Coca-Cola USA enjoyed an exceptionally successful year in all market segments it serves, strengthening its leadership position and setting new standards in the U.S. soft drink industry. The Company's flagship Division achieved a strong increase in operating profit, due in part to a 7-percent increase in retail unit sales and a volume gain of 6 percent in syrup gallon sales. Similar growth rates were achieved for unit sales in foodstores, which account for about 40 percent of U.S. volume, and for all other bottle/can segments, which represent about 27 percent. An even higher growth rate was attained for fountain unit sales, which account for about 33 percent of U.S. volume.

**Product Performance.** For Coca-Cola, the highly successful "Coke is it!" advertising campaign showed continued versatility and strength in 1983. Aggressive marketing enhanced the leadership position of Coke, the nation's number one soft drink.

The phenomenal growth of diet Coke in the United States is probably the most

Soft Drinks
Net Operating Revenues ($ Millions)


Operating Income ($ Millions)


*Introduced in West Germany and 27 other international markets last year, diet Coke (called Coca-Cola light in some countries) capitalized on growing consumer demand for great-tasting, low-calorie soft drinks.*


Trink
Coca-Cola
light

remarkable success story in the history of the soft drink industry, as well as in American consumer product marketing. In less than one year after its July 1982 introduction, diet Coke became the nation's number one low-calorie beverage and the number four soft drink overall. This success is attributable to diet Coke's taste, effective positioning to both male and female consumers, and the inherent strengths of the Coca-Cola bottler system.

In August 1983, diet Coke became the nation's first soft drink to contain a blend of saccharin and aspartame sweeteners, providing an improved, more sugar-like taste. National availability of diet Coke with this sweetener blend was achieved by year's end.

Even as diet Coke gained widespread acceptance, TAB remained the favorite low-calorie soft drink of a large, loyal group of consumers, most of whom are women. In October, Coca-Cola USA launched a new advertising campaign, "You're my TAB!," to reinforce the brand's popularity with its established consumers.

The combination of diet Coke and TAB gave Coca-Cola USA a pre-eminent foodstore share of nearly 45 percent in low-calorie colas — the fastest-growing U.S. market segment now and in the foreseeable future. Foodstore sales of the Division's low-calorie colas grew more than 60 percent in 1983.

In May, caffeine-free Coca-Cola, caffeine-free diet Coke and caffeine-free TAB were introduced for consumers who prefer the option of enjoying their favorite soft drink brands without caffeine. Now available in nearly all of the nation, these products have made impressive gains in established caffeine-free cola markets.

Backed by a bold, new competitive advertising campaign initiated in the fourth quarter, Sprite achieved positive sales momentum. Sugar-free Sprite was reintroduced in December with a new name, diet Sprite, and a new taste following the addition of aspartame as a sweetening ingredient along with saccharin.

**Fountain Growth.** Coca-Cola USA achieved record-high syrup gallon sales through fountain accounts in 1983 and made major gains in the number and size of its accounts. Company products were sold at 230,000 locations, representing a large majority of the nation's fountain outlets. In chain accounts, increases were well in excess of 10 million gallons in annualized syrup volume. The Division's products were served in 95 of the country's top 100 foodservice chains, up from 93 of the top 100 chains in 1982.

**Equipment Innovations.** Development of the BTS 150 — a compact, integrated and self-contained beverage dispenser utilizing a patented syrup package — was completed in 1983. Test marketing of the BTS 150, designed for small office and retail locations, began in 13 U.S. markets. In the area of cold bottle/can vending, more than 8,000 "talking" and video-display vendors were placed, and a new unit that accepts dollar bills was test marketed.

**Contract Amendment.** Bottlers accounting for more than 85 percent of U.S. volume signed a contract amendment in 1983 which forges a "new constitution" for the Coca-Cola business in this country. Demonstrating a spirit of cooperation and understanding, this contract amendment provides an effective pricing mechanism and enhances the possibility of product innovations and marketing responsiveness for bottlers and Company alike.

**Olympics.** In 1984, Coca-Cola USA will play a prominent role in the Olympic Summer Games in Los Angeles. Extensive advertising and promotional activities



*TAB retained a large consumer following while diet Coke became North America's number one low-calorie soft drink in 1983. Together, the two products command nearly 45 percent of the low-calorie cola segment in U.S. foodstore sales.*



*Caffeine-free versions of Coca-Cola and the Company's other leading colas, diet Coke and TAB, have achieved impressive results in U.S. markets. Extensive advertising and promotional activities for Coca-Cola, diet Coke, TAB and Sprite will highlight Coca-Cola USA's role as the official soft drink supplier for the 1984 Olympic Summer Games in Los Angeles.*

are under way to highlight the Division's role as the official soft drink supplier for the 1984 Summer Games. Activities include Olympics-related television commercials and consumer promotions for Coca-Cola, diet Coke, TAB and Sprite, as well as continuing co-sponsorship of the U.S. Olympic Hall of Fame.

**Canada.** Unit volume increased 11 percent in Canada, and the Company posted significant gains in operating profit. Aggressive promotions and merchandising, introductions of diet Coke and the Company's three caffeine-free colas, and rapid growth in the diet segment contributed to this performance. Diet Coke achieved national availability in 1983. The Company's low-calorie products captured more than 50 percent of the Canadian diet soft drink market and contributed 20 percent of our Canadian volume in 1983.

**Future Growth.** Looking further into the 1980s, the North America Soft Drink Business Sector expects to achieve sustained growth from the principal factors that drive growth in consumption — demographics, disposable income, product availability and aggressive marketing. In every major leadership area, the Company is in an excellent position to take advantage of growth opportunities — and, moreover, to spearhead that growth.

## International Soft Drink Business Sector

In the International Soft Drink Business Sector, combined unit volume achieved continued growth in 1983, despite the sluggishness of foreign economies. Operating profit from the Company's International Sector increased 4 percent. New products and packages, the introduction of diet Coke in 28 markets, and 9-percent growth in the Company's international fountain, or post-mix, business contributed to a dramatically strengthened competitive position.

**Latin America.** Continuation of severe economic conditions throughout Latin America effected overall declines in Company volume and profit in that part of the world. Unit volume in Latin America decreased 8 percent, while operating income fell 44 percent, the result of price controls, high inflation and currency devaluations. Even so, the Company and its bottlers maintained a market share of over 44 percent through aggressive marketing and product distribution drives. Operating income from Latin America represented 12 percent of the Company's 1983 non-U.S. operating earnings.

Although unit volume in Mexico declined 12 percent for the year, Mexico remained the Company's second-largest world market by volume, and its long-term potential is great. In 1983, the Company continued to increase its share of the Mexican post-mix segment and launched two juice-based products — Kin, which contains 10-percent apple juice, and Cappy, a 50-percent juice product in a range of five flavors — to tap the growth potential of the juice-containing beverage segment, which has averaged over 20-percent annual growth since 1981.

In Argentina, unit volume grew 12 percent despite economic difficulties, and the Company's market share increased in 1983. Brazil, however, experienced a 14-percent decline in unit volume due primarily to recessionary pressures. In both markets, price controls and dramatically declining exchange rates caused sharp profit declines in 1983. Nevertheless, the Company improved its strong competitive position in Argentina with the launch of "Coke is it!" advertising, product promotions for Sprite and Coke, and aggressive bottler efforts to expand distribution. The Company maintained its competitive position in Brazil with the



*Momentum increased for Sprite in 1983 with the launch of a bold, new competitive advertising campaign. Sugar-free Sprite was reintroduced with a new name, diet Sprite, and a new sweetener blend of aspartame and saccharin.*



*Sales of Company products through fountain outlets, representing one-third of Coca-Cola USA's volume, reached record levels last year.*

appointment of six new bottlers, the introduction of the country's first can for soft drinks, and product promotions in the growing distribution channel of supermarkets. Colombia increased soft drink unit volume 11 percent, aided by national distribution drives for Coca-Cola and the introduction of two new Fanta flavors.

Long-term growth opportunities in Latin America hold promise. Per capita soft drink consumption is only one-third the U.S. level, and half the population is under 18 years of age. The Company's bottlers have invested more than $400 million in their property, plant and equipment over five years, and plans continue for the introduction of diet Coke and other new products and packages. These actions ensure that our Latin American soft drink business is positioned for sustained growth as the various economies recover.

**Europe and Africa.** The Company posted excellent results in Europe and Africa, despite sluggish economic conditions and the dramatic strength of the U.S. dollar against major European currencies. Unit volume rose 5 percent in Europe and Africa, and operating income increased 18 percent, indicating excellent trends in per-unit profitability and in local currency earnings.

The 1983 introduction of diet Coke (called Coca-Cola light in some countries) to eight European markets, as well as investment to expand the fountain market, contributed to unit-volume growth in Europe.

West Germany, the Company's fourth-largest market in volume sales worldwide, achieved significantly higher operating profit. This gain came in spite of a unit-volume decline of 7 percent and an unfavorable exchange rate. With the June introduction of Coca-Cola light by the Company and its strong network of local bottlers, the West German diet segment grew 24 percent for the year, and at year-end Coke light had captured nearly 40 percent of the low-calorie market. In addition, the Company's overall market share in Germany reached a record high during 1983.

Unit volume in Spain rose 3 percent, benefiting from the introduction of "Coke is it!" advertising, the launch of caffeine-free Coca-Cola, market share increases, and growth from cans and plastic bottles. Italy enjoyed continued success with Sprite, which outsells all competing lemon-lime products after two years on the market. Fanta flavors performed well, and distribution of Coca-Cola and Fanta Lemon in .5-liter cans expanded. The Company's soft drink unit volume in Italy rose 7 percent.

In Great Britain, unit volume expanded 13 percent, aided by the introduction of diet Coke, and operating profit grew substantially. Diet Coke expanded the low-calorie segment by 35 percent, and at year-end it had contributed more than 8 points to the Company's diet soft drink market share. Belgium achieved a 4-percent rise in volume, introduced caffeine-free Coca-Cola and enjoyed flourishing sales of Minute Maid orange juice and Five Alive fruit beverage.

Soft drink sales in Africa remained vigorous, with unit-volume growth of 16 percent. In South Africa, unit volume increased 6 percent, aided by the successful introduction of diet Coke, substantial growth from Fanta flavors and continued contribution from the two-liter bottle. Bottler case sales in Nigeria rose 15 percent. Demand for soft drinks in Nigeria, already the Company's 11th-largest market by volume, continues to outpace supply, and the country's large population and favorable climate offer excellent growth prospects. Additional production capacity in Egypt brought 35-percent unit-volume growth for 1983, and the Company is again the industry leader following its 1979 re-entry into the market.

**Pacific.** In the Pacific, unit volume increased 9 percent in 1983, and operating



*Capitalizing on the growing market for juice-containing beverages in Mexico, the Company introduced the juice-based product, Kin, with 10-percent apple juice. Fanta, the world's third largest-selling soft drink brand, contributes significantly to the Company's worldwide leadership position.*

income grew 17 percent. Youthful populations and per capita soft drink consumption levels at only 8 percent of the U.S. rate offer enormous growth opportunities in the Pacific, and the Company has been investing aggressively in new products and packages.

Coca-Cola (Japan) Company Ltd. enjoyed an outstanding year with robust profit growth and a unit-volume increase of 9 percent, elevating Japan from the Company's fourth-largest to its third-largest market in volume sales worldwide. Vigorous marketing and new packaging supported the major brands Coca-Cola, Sprite and Fanta. Performance also benefited from an aggressive vendor placement program, as well as from sales of nutrient-enriched Real Gold and Georgia Coffee. Japan's excellent performance in 1983 is evidence of the Company's efforts in recent years to revitalize this major market.

The Philippines achieved 32-percent volume growth as well as significant earnings increases, despite the declining Philippine peso. With a 49-percent market share, the Company again leads this important market. In Korea, strong performance by Hi-C juice-containing flavors, along with new packages for Coca-Cola, Fanta and Kin, contributed to volume growth of 19 percent. Australia posted somewhat lower unit volume in 1983, partly due to unfavorable economic conditions.

In China, ground was broken in Fujian (Fukien) Province for the country's third bottling facility. Slated to begin operation in 1984, the new plant will bottle products of The Coca-Cola Company including, for the first time in China, Fanta Orange and Sprite.

**International Outlook.** For the International Soft Drink Business Sector as a whole, the Company expects 1984 performance to benefit from the introduction of new products and packages, further investments in the international fountain segment, expansion of juice and juice-based beverages, and a projected 19 additional market introductions of diet Coca-Cola.

## Historical and Future Growth

Over the past 10 years, the U.S. soft drink industry has averaged 3 to 4 percent annual unit growth, while the Company has grown 4 percent domestically. The Company's international growth has averaged 6 percent per year, outperforming the industry rate of 4 to 5 percent.

In 1983, the Company's domestic soft drink volume gain exceeded its historical rate, as well as the annual industry growth rate, aided by the rapidly growing diet soft drink business. Given the very positive outlook for this profitable category, the Company expects industry unit growth in line with historical trends and Company unit growth continuing to exceed the industry.

Because of unfavorable economic conditions outside the United States, both Company and industry volume growth for 1983 fell below 10-year trends. However, despite continued uncertainties stemming from the Latin American economy and international currency exchange rates, the Company is firmly positioned to build upon its historical performance in the worldwide soft drink business through its investments in aggressive marketing, innovative products and packaging, and a strong bottler system.



*Mello Yello was among six Company products successfully introduced nationally in Australia last year. Real Gold taps the growth opportunities of Japan's expanding market for nutrient-enriched beverages.*

# Foods Business Sector

**Foods Business Sector generates record revenues, profits**

**Minute Maid frozen orange juice attains highest-ever market share**

**Volume increases 10 percent for frozen and chilled orange juice**

**Aseptic packaging brings convenience, new growth opportunities**

Outstanding performance by established brands plus notable growth in new product sales made 1983 a record year for the Foods Business Sector. The Coca-Cola Company Foods Division, the largest operating unit within the Sector, maintained its leadership positions in virtually all the product areas in which it competes. Operating income for the Foods Business Sector reached $121 million, an increase of 3 percent.

**Minute Maid.** The orange juice market underwent significant change during 1983 as several competitive brands entered the market. This new competition spurred increased promotional and marketing activity and stimulated growth for the overall orange juice category. The Minute Maid brand maintained its position as the nation's leading orange juice in this competitive environment. Minute Maid frozen concentrated orange juice, the Division's flagship product, posted a record-high market share for the second year in a row and grew 10 percent in volume during 1983, while volume for Minute Maid chilled orange juice from concentrate also increased 10 percent.

The Division has been able to reach additional consumers with new orange juice products developed to meet the needs of specific segments of the market. One such product, Minute Maid frozen concentrated orange juice with more pulp, introduced in 1982, has become the second leading orange juice product in the frozen case behind regular Minute Maid. During 1983, Minute Maid frozen concentrated orange juice with more pulp experienced a volume increase of 52 percent over 1982.

Foods

Net Operating Revenues ($ Millions)


Operating Income ($ Millions)


*Capitalizing on the outstanding growth opportunities offered by convenient, single-serving aseptic packaging, which last year fueled 21-percent volume growth for the Hi-C brand, the Foods Division is expanding its aseptic production capacity and its line of aseptically packaged products.*


Hi-C

In addition, new Minute Maid reduced acid frozen concentrated orange juice, introduced nationally in January 1983, has carved out a niche among consumers who prefer a slightly sweeter tasting, less acidic orange juice. In its first year in national distribution, Minute Maid reduced acid orange juice has shown exceptional promise for future growth, obtaining more than a 1.5-percent market share.

**Hi-C in Aseptic Packaging.** Aseptic packaging has been another area of significant growth for the Foods Division. In January 1983, the Division became the first U.S. firm to market an aseptically packaged fruit drink nationwide. Hi-C in the Drink Box, an 8.45-ounce (250-mL) single-serving aseptic package, was an immediate and resounding success, not only achieving significant volume in its initial months, but revitalizing the entire fruit drink category. Hi-C in the Drink Box as well as Hi-C in the traditional 46-ounce ready-to-serve container benefited from this resurgence of consumer interest in fruit drinks. The Hi-C in the Drink Box television campaign has a lighthearted approach which appeals to both children and adults. Overall volume for Hi-C brand products increased 21 percent over 1982.

To continue capitalizing on the growth opportunities of the rapidly expanding market for aseptically packaged juices and juice drinks, the Foods Division has invested over $20 million in additional aseptic production equipment, including a major expansion project at the Division's Paw Paw, Michigan, plant. This added production capability will enable the Division to expand its product line of aseptically packaged drinks to more flavors of Hi-C as well as to other juices and juice-containing beverages.

The Division test marketed several Minute Maid brand juices and the Five Alive brand fruit beverage in aseptic packages in 1983 and plans to introduce these products nationally in 1984. In test markets, aseptically packaged Five Alive outsold all other aseptically packaged flavors and brought renewed interest to the chilled and frozen varieties of Five Alive brand products as well. Since the introduction of chilled Five Alive in 1981, this all-natural refreshment beverage has had a 45-percent increase in sales volume, becoming the second largest-selling fruit beverage in the dairy case. With the national introduction of aseptically packaged Five Alive in 1984, the Division anticipates accelerated growth of the entire line of Five Alive brand products.

**Minute Maid Ades.** Minute Maid frozen concentrated ades experienced a strong year, in part because of an unusually long, hot summer which increased demand during the traditional selling season for these products. Minute Maid frozen concentrate for lemonade achieved a 17-percent increase in volume over 1982, while volume for chilled Minute Maid lemonade increased 40 percent. Both products will provide an excellent base for increased growth through added


*Minute Maid frozen concentrated orange juice with more pulp and Minute Maid reduced acid frozen concentrated orange juice, two new products developed to meet specific consumer needs, generated substantial sales volume in 1983.*



*Minute Maid frozen concentrated orange juice, the leading orange juice in the United States, captured an all-time high market share in 1983.*

distribution in 1984.

**Coffee.** In March 1983, the Division created a separate coffee unit to handle production and marketing of Maryland Club and Butter-Nut brand coffees. This restructuring has resulted in a more efficient organization that can respond more rapidly to the competitive environment of the coffee market. In fall 1983, the new coffee unit introduced Maryland Club and Butter-Nut Filter Blend Coffees, specially formulated for use in paper filter coffeemakers.

**Ronco.** To achieve its growth potential, the Foods Division intends to broaden its product base beyond its traditional scope of expertise in the fruit juice and fruit-based beverage arenas. Through the 1982 acquisition of Ronco Foods, the Division is applying its marketing and business development knowledge to the growing U.S. pasta market. In late 1983, the Division introduced Ronco products in two new markets and test marketed a consumer-oriented marketing plan to evaluate its effectiveness in the competitive pasta category.

**Presto.** Also included in the Foods Business Sector is Presto Products, Incorporated, headquartered in Appleton, Wisconsin. Presto is a leading private-label supplier of household consumer products, including plastic wraps, plastic film products such as disposable trash bags, and health and beauty aids. Presto also supplies industrial products, plastic cutlery and straws to a variety of industrial, foodservice and institutional facilities. In 1983, Presto results were below prior-year levels due to competitive industry conditions.

**Growth Strategy.** In 1984, the Foods Business Sector's overall strategy will be to grow faster than the specific product categories in which it competes. In addition, the Sector will continue the development of new product expansions and will seek additional opportunities for adding new product categories. Within this environment, the Foods Business Sector expects to achieve continued increases in unit volume, revenues and profitability.



*An innovative marketing campaign featuring colorful new packaging was test marketed for Ronco products during the year. Expanded availability of products like Hi-C Drink Mix in the two-gallon pouch in restaurants, hotels and other foodservice outlets is among the growth objectives of the Foods Division.*



*Volume for chilled Minute Maid orange juice grew 10 percent in 1983, contributing to a record profit year for the Foods Business Sector.*

# Entertainment Business Sector

**Dynamic earnings growth achieved**

**"Tootsie" highest-grossing film in Columbia's history**

**Columbia capitalizes on home video and pay TV expansion**

**Columbia Pictures International achieves record theatrical rentals**

**Syndication performance generates record profits for TV division**

**Tri-Star poised to become major earnings source**

In its first full year as part of The Coca-Cola Company, the Entertainment Business Sector experienced dynamic growth in its organization and earnings. Comprised of the units within Columbia Pictures Industries, Inc.—which achieved new levels of success—and its joint-venture participation in Tri-Star Pictures, the Sector earned $91 million in operating profit in 1983.

The Sector made important strides in reaching its primary objective—to become a greater and more profitable factor in the entertainment industry. The Entertainment Business Sector expects to continue its progress in 1984 by increasing the product from Columbia Pictures, Columbia Pictures Television, Mylstar Electronics, Inc., and Columbia's other divisions. Tri-Star Pictures, a joint venture of Columbia, CBS Inc., and Home Box Office, Inc., a subsidiary of Time Inc., will begin to contribute to the Sector's revenue and profit with its first film releases in 1984. The Entertainment Business Sector will continue to investigate other ventures and new lines of business within the entertainment industry to help attain its growth objective.

**Columbia Pictures.** Columbia Pictures is a leading producer and distributor of motion pictures. Several of its theatrical releases last year enjoyed box-office and critical success, but the film division's overall 1983 results were below expectations. Accordingly, remedial steps have been taken to achieve improved profitability.

One of the year's highlights was that "Tootsie," starring Dustin Hoffman,

Entertainment*
Net Operating Revenues ($ Millions) Operating Income ($ Millions)


*In June 1982 the Company acquired Columbia Pictures Industries, Inc.

*"The Big Chill" became one of Columbia's most financially successful fall films ever in the United States.*

# THE BIG CHILL

became Columbia's highest-grossing film ever—a position previously held by 1977's "Close Encounters of the Third Kind"—and the best-selling comedy in motion picture history. Initially released in December 1982, "Tootsie" has earned more than $140 million in domestic and international film rentals. "Gandhi" swept the 1982 Academy Awards by garnering eight Oscars including "Best Picture." Sir Richard Attenborough won the award for "Best Director," and Ben Kingsley won the "Best Actor" award. In 1983 "The Big Chill," an ensemble comedy about the reunion of college friends after 15 years, became one of the most financially successful films ever released domestically by Columbia during the fall period.

Other films distributed in 1983 included "Blue Thunder," an action drama about a police helicopter pilot, starring Roy Scheider; "Christine," a thriller about a car that takes on human qualities, from the Stephen King best seller; "The Dresser," the story of an English stage actor and his dresser in wartime England, starring Albert Finney and Tom Courtenay; "Educating Rita," a film depicting the relationship between a college professor and an ill-educated hairdresser who is his student, starring Michael Caine and Julie Walters; "The Man Who Loved Women," a comedy about a sculptor who is an incurable romantic, starring Burt Reynolds and Julie Andrews; and "Richard Pryor...Here and Now," a concert film featuring the popular comedian.

Columbia Pictures has planned a full release schedule for 1984, beginning with "Against All Odds," an action/romance produced and directed by Taylor Hackford and starring Rachel Ward, Jeff Bridges, James Woods and Richard Widmark; "Moscow on the Hudson," a comedy starring Robin Williams, produced and directed by Paul Mazursky; "The Karate Kid," a contemporary drama starring Ralph Macchio, produced by Jerry Weintraub and directed by John Avildsen; and "Ghostbusters," an Ivan Reitman comedy starring Bill Murray, Dan Aykroyd, Sigourney Weaver and Harold Ramis.

**Additional Film Markets.** Besides releasing its films in theaters, Columbia has other increasingly important markets for its motion pictures, particularly the pay television and videocassette/videodisc markets. Columbia's involvement in the growing pay television field has been enhanced by licensing and financing agreements with Home Box Office. During the term of these agreements, HBO has exclusive pay television rights to some Columbia films, and HBO also invests in films produced by Columbia. In addition, HBO pays minimum pay television licensing fees for all Columbia films. These fees reduce risk and are subject to increase depending on the theatrical rental performance of the films.

The market for videocassettes and videodiscs grew phenomenally during 1983, and Columbia effectively capitalized on this growth by expanding its licensing and distribution activities through its joint venture, RCA/Columbia Pictures Home Video. Two of its videocassettes that performed particularly well were "Gandhi" and "Blue Thunder," which were among the industry's most successful video titles of the year.


*"The Dresser," initially released in December, has earned critical acclaim. International rentals for "Tootsie" contributed significantly to a record year for Columbia Pictures International Corporation.*


*The continued success of "T.J. Hooker" and other television productions maintained Columbia's position as a leading supplier of network programs.*

**Columbia Pictures International Corporation.** Columbia Pictures International Corporation had a record year in theatrical rentals, despite the significant negative impact of translating local-currency revenues into 1983's stronger dollar. Nineteen territories broke individual theatrical rental records, largely due to extensive worldwide bookings of "Tootsie" and "Gandhi." Other films experiencing overseas theatrical success were "Blue Thunder" and "Annie."

Like its domestic counterpart, RCA/Columbia Pictures International Video also benefited from the flourishing home entertainment market. The joint venture, which expanded its operations into a number of new foreign territories, made strong contributions to Columbia Pictures International's earnings.

Another important development is a planned partnership designed to take advantage of the growing pay television market in the United Kingdom. HBO, Twentieth Century-Fox, Columbia and the United Kingdom's Goldcrest Films and Television are the partners in the venture, which intends to make programming available to cable operators.

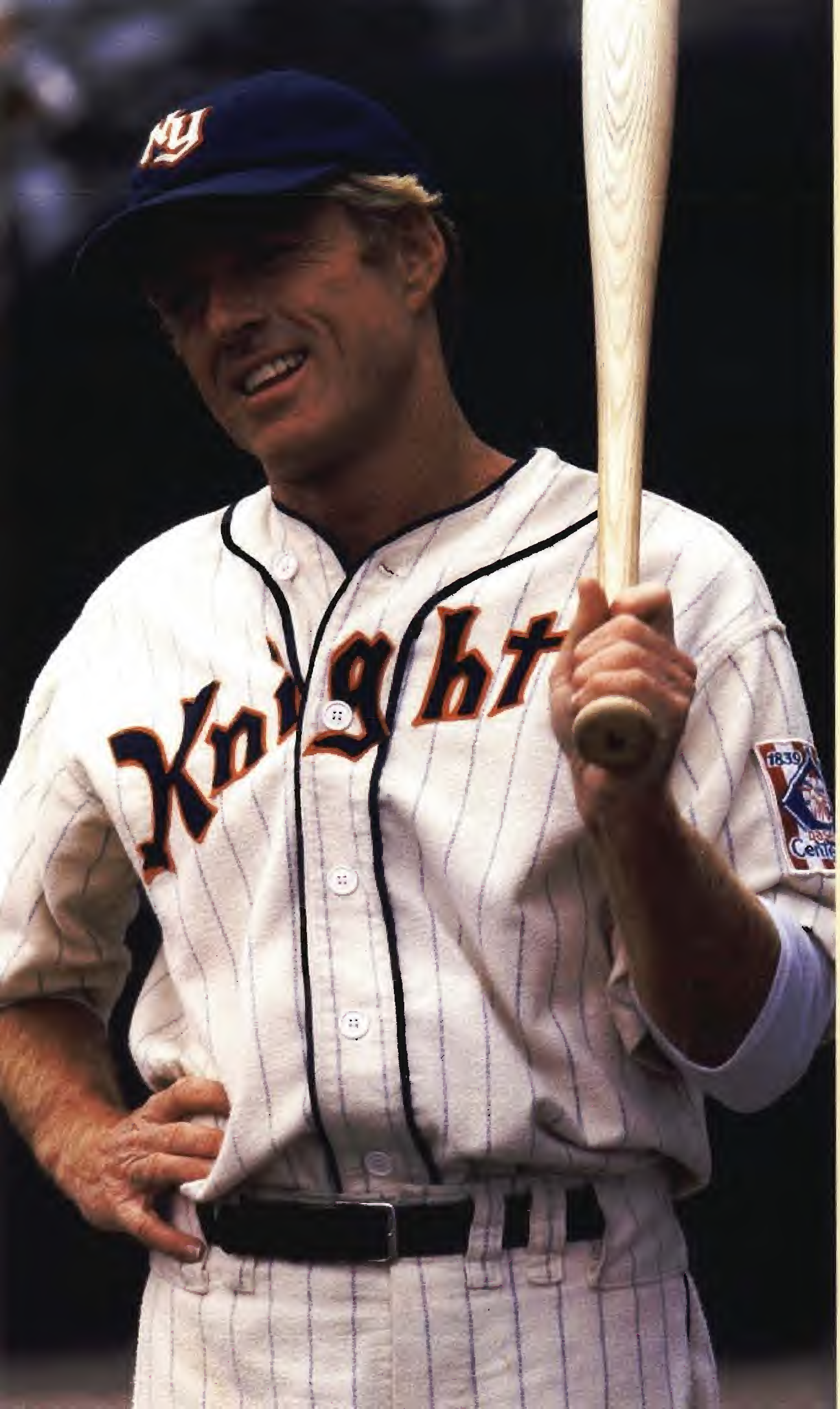
**Columbia Pictures Television.** Columbia Pictures Television, which produces programs for the networks and syndicates programs to television stations, posted record profits in 1983 and for the first time in Columbia's history became its largest profit generator, primarily through syndication activities.

Columbia Pictures Television maintained its position as a leading supplier to the networks for the 1983-84 season. Columbia Pictures Television produced four and one-half hours of primetime series and two daytime series. Its four primetime hour-long shows, all for ABC, were "Fantasy Island," starring Ricardo Montalban and Christopher Hewett, in its seventh year; "Hart to Hart," starring Robert Wagner and Stephanie Powers, in its fifth year; "Ripley's Believe It Or Not," with Jack and Holly Palance as hosts/narrators; and "T.J. Hooker," starring William Shatner. Columbia Pictures Television's continuing daytime series are "Days of Our Lives," on NBC for 18 years, and "The Young and the Restless," on CBS for 10 years.

During the year, Columbia Pictures Television also produced several programs for telecast in 1984. These include the primetime hour-long programs, "Blue Thunder," starring James Farentino, based on the successful Columbia film, and "Mickey Spillane's Mike Hammer," starring Stacy Keach. Columbia also produced for the 1983-84 season several miniseries and made-for-TV movies, including "The First Olympics—Athens 1896," "The Last Days of Pompeii" and "The Master of Ballantrae."

**Program Syndication.** An important source of revenue for Columbia Pictures Television is the syndication of programs to television stations in the United States. The division's extensive catalog of programs for syndication includes the shows it has produced in the last four decades and those it has purchased from


*Syndication of television programs like "Fantasy Island" helped make Columbia Pictures Television the Entertainment Business Sector's largest profit generator in 1983. During the year, Mylstar introduced the coin-operated videogame "M.A.C.H. 3."*





*Robert Redford stars in "The Natural," the first film to be produced by the joint-venture studio, Tri-Star Pictures.*

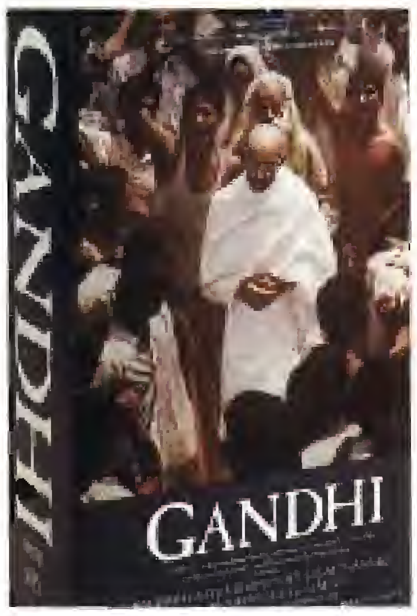
other producers. "Fantasy Island" was the most significant contributor to syndication earnings in 1983. "Barney Miller," "Charlie's Angels" and "Soap" also performed well as syndicated properties. In late 1984 "Hart to Hart" and "Benson" will enter the syndication market.

**Mylstar Electronics, Inc.** Mylstar Electronics, Inc., formerly known as D. Gottlieb & Co., manufactures and markets coin-operated, non-gambling electronic amusement games. In 1983, Mylstar had record earnings and emerged as a significant factor in the videogame segment of the industry. Contributing importantly to Mylstar's 1983 performance were the sales of "Q*bert" and "M.A.C.H. 3," two of the year's best-selling videogames. "Q*bert" performed strongly in the home video market through a licensing agreement with Parker Brothers, a division of General Mills, Inc., and "Q*bert" also became part of a successful Saturday morning children's television series on CBS. "M.A.C.H. 3," which utilizes videodisc technology, became an immediate best seller upon its introduction. Despite the unit's significant progress in 1983, the uncertainties of the videogame market require caution in predicting Mylstar's future results.

**Tri-Star Pictures.** In its first year of operation, Tri-Star Pictures was successfully established as an important motion picture company. It began production of and acquired several films last year for 1984 distribution. "The Natural," with Barry Levinson directing Robert Redford, Robert Duvall and Glenn Close, will be released in May 1984. "The Natural" will be followed by a number of other films in 1984, including "The Muppets Take Manhattan," featuring Miss Piggy, Kermit the Frog and the other Muppets; "Songwriter," produced by Sydney Pollack with Willie Nelson, Kris Kristofferson and Gary Busey in featured roles; and "The Texas Picture," to be directed by Robert Benton, which will star Sally Field.

Besides increasing the volume of filmed entertainment for the Entertainment Business Sector, Tri-Star is expected to become a major source of future earnings for Columbia. In addition to the income it will enjoy as an equity partner in Tri-Star, Columbia will receive a percentage of Tri-Star's film rentals for providing domestic and international theatrical distribution services.

**Growth Plans.** The Entertainment Business Sector is committed to strong earnings growth in 1984 and beyond by increasing the amount of product in its existing lines of business and through acquisitions. The Sector plans to take advantage of the accelerating demand for delivery systems of home entertainment in both domestic and international markets.




*"Gandhi" posted excellent results in the expanding videocassette/videodisc market. Profit continues to be generated from distribution of 1962's "Lawrence of Arabia" and more than 1,800 other films available from Columbia's extensive film library.*

## BUSINESS OBJECTIVES AND STRATEGY

The core of the Company's strategy is a commitment to maximize shareholder value by achieving growth in earnings per share at a rate in excess of inflation and to increase the return on equity in order to provide shareholders an above average total return on their investment.

**Rate of Growth in Earnings vs Inflation** (%)

(% Change in Income per Share from Continuing Operations vs % Change in Average Consumer Price Index—Urban)

Inflation

Earnings


To achieve this commitment, management focuses on the following areas:

**Unit Sales Volume:** A primary goal is to increase unit sales volume at rates in excess of the respective industry rates. For example, in 1983 unit growth of the Company's worldwide soft drink operations increased 3%, well in excess of the worldwide soft drink industry. This performance helped the Company obtain its objective of increasing earnings per share from continuing operations at a rate in excess of inflation.

**Profit Margins:** While increasing unit volume in excess of industry rates is a key objective, the profit contribution per unit sold is also important. It is the Company's objective to maintain or improve "real" profits per unit (after adjusting for the effects of inflation). This objective is accomplished by maintaining tight controls over pricing policies and operating expenses.

At December 31, 1983, bottlers representing over 90% of the Company's bottled Coca-Cola soft drink volume in the United States had agreed to an amended bottler contract (the "1978 Amendment") which gives the Company better pricing flexibility and results in additional marketing expenditures by the Company. Excluding adjustments for sugar prices, in 1983 and 1982 the Company raised prices in the United States principally to cover the effects of inflation.

In the United States, Coca-Cola is partially sweetened with high fructose corn syrup (HFCS), a form of sugar. In 1983, this product was used at the 75% level for Coca-Cola fountain syrup and at the 50% level for Coca-Cola sold in bottles and cans. In early 1984 the Company authorized the use of high fructose corn syrup at up to the 75% level for Coca-Cola sold in bottles and cans.

By carefully managing expenses, the Company can improve its operating results. In 1983 and 1982 the percentage of expenses to gross profits was 67.5% compared to 68.7% in 1981; this improvement represents an increase in operating income in excess of $30 million for both 1983 and 1982 in comparison to 1981. The Company's success in controlling expenses has helped achieve increased earnings in difficult economic times.

**Management of Resources:** A key element of the Company's strategy is to concentrate its resources in consumer markets offering attractive returns and high growth potential.

In line with this strategy, since 1981 the Company has sold three operations, The Wine Spectrum in 1983, Tenco Division in 1982 and Aqua-Chem, Inc. in 1981. These dispositions have generated more than $360 million which has been or will be invested in other areas of the business. In addition, the Company carefully manages its investment in the various components of working capital.

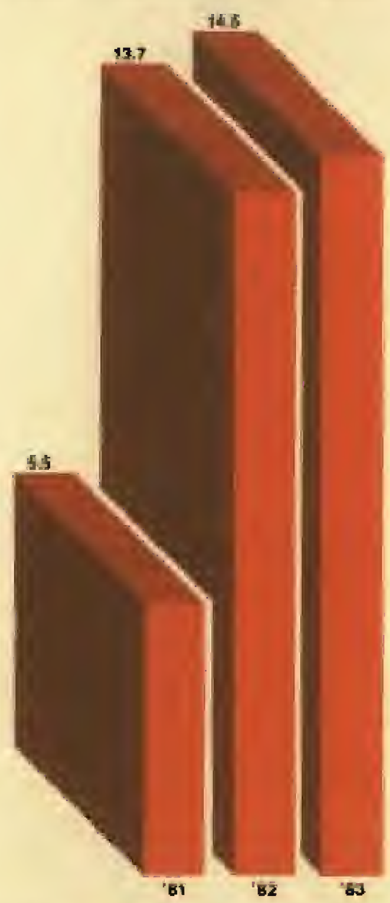
The Company's emphasis on growth is reflected in the pattern of investment spending. The cumulative reinvestment in the soft drink business approximated $1 billion for the last four years. Since June 1982, the Company has invested in excess of $800 million in the entertainment industry, including the initial acquisition cost of Columbia Pictures Industries, Inc. ("Columbia"). The Company's Foods Division is making investments in TETRA-BRIK aseptic packaging equipment to support the expected growth in this area. In 1982, the Company purchased Ronco Foods Company, a manufacturer and distributor of pasta products.

**Return on Assets** (%)

(Income from Continuing Operations to Average Total Assets)

**Capital Structure:** One of the Company's financial goals is to maintain a strong financial position while utilizing prudent amounts of long-term debt. At December 31, 1983, long-term debt represented 14.5% of total capital. In the future, the Company envisions increasing the use of such debt in order to fund attractive investment opportunities. This policy is aimed at increasing the return on shareholders' equity and the total return to shareholders.

**Long-Term Debt to Total Capital** (%)




**Return on Shareholders' Equity** (%)

(Income from Continuing Operations to Average Shareholders' Equity)


**Dividends:** The Company has increased its dividend in each of the past 22 years. Management plans to increase the percentage of earnings reinvested in the business by raising dividends annually at a rate lower than the prior year's growth in earnings per share, thus decreasing over time the dividend payout ratio. The annual dividend was $2.68 per share, $2.48 per share and $2.32 per share in 1983, 1982 and 1981, respectively. At its February 1984 meeting, the Board of Directors increased the quarterly dividend to 69 cents, equivalent to a full year dividend of $2.76 in 1984.

The above actions are illustrative of the Company's efforts to achieve its goal of enhancing its growth prospects and increasing the return on equity.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Revenues

Net operating revenues continued to increase in 1983 as in 1982. A significant amount of the increase for both years is attributable to the inclusion of the results of Columbia which was acquired in June 1982 in a purchase transaction.

**Soft Drinks:** Soft drinks accounted for 69%, 73% and 80% of consolidated net operating revenues in 1983, 1982 and 1981, respectively. Sales volume increased by 3% in 1983 and 1982. Soft drink revenues increased by $281 million in 1983 and decreased by $145 million in 1982.

In addition to volume, soft drink revenues are affected by sugar prices and foreign exchange rates, both of which generally decreased in 1983 and 1982. The price of Coca-Cola syrup sold to bottlers in the United States is adjusted quarterly for changes in the market price of sugar and fructose. This practice minimizes the effects of sweetener prices on gross margins. Approximately 63% of soft drink sales volume is generated outside the United States. As exchange rates decline, local currency revenues translate into fewer United States dollars.

**Entertainment:** Entertainment revenues in 1983 were generated from the following: motion pictures—60%; television programming—32%; amusement games and other—8%. Motion picture revenues benefited significantly from the box office success of TOOTSIE, GANDHI, BLUE THUNDER, SPRING BREAK and THE BIG CHILL. Television programming revenues were improved greatly by the initial syndication of FANTASY ISLAND. Revenues from the sale of amusement games were enhanced by Q*BERT, the Company's most successful game in its history, and M.A.C.H. 3, a new laser-disc technology coin video machine.

**Foods:** Revenues for the Foods Business Sector increased by 12% and 1% in 1983 and 1982, respectively. These increases were primarily the results of increased volume for citrus products combined with modest price increases.

### Gross Profit

Gross profit as a percentage of net operating revenues was 45% in 1983 and 1982 and 44% in 1981. Maintaining and improving gross profit margins while holding down price increases is an integral part of the Company's operating philosophy. Costs and expenses are minimized through the use of policies and procedures designed to continuously monitor inventory levels and production expenses. Other factors which impact gross margins are the Company's innovative marketing techniques and market acceptance and demand for the Company's major products.

### Selling, Administrative and General Expenses

Selling expenses, including media advertising, were $1.52 billion in 1983, $1.37 billion in 1982 and $1.32 billion in 1981. Expenditures for media advertising, excluding amounts capitalized as film production costs, were $463 million in 1983, $392 million in 1982 and $391 million in 1981.

Administrative and general expenses increased 16.2% and 13.9% in 1983 and 1982, respectively, primarily because of inflation and expansion of the business which includes the purchase of Columbia in 1982. Such expenses, as a percentage of net operating revenues, remained relatively stable at about 8% over the three years ended December 31, 1983.

**Total Selling Expenses** ($ Millions)

Media Advertising


### Interest Income and Expense

Interest income decreased by $23 million in 1983 and increased by $36 million in 1982. The decrease in 1983 resulted from lower interest rates and lower average invested balances. Both interest rates and average invested balances were higher in 1982 compared to 1981.

A decrease in interest expense of $2 million in 1983 was due primarily to lower interest rates. Interest expense increased by $36 million in 1982 primarily because of increased borrowings for the acquisitions of Columbia and Associated Coca-Cola Bottling Co., Inc.

### Other Income and Deductions

In other income (net) the decrease in 1983 and increase in 1982 resulted primarily from fluctuations in net foreign exchange gains. In 1982, the Company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." See Foreign Operations.

### Discontinued Operations

The Company has sold the following operations whose operating results have been reported as discontinued operations: 1983—The Wine Spectrum for approximately book value plus advances; 1982—Tenco Division for approximately book value; and 1981—Aqua-Chem, Inc. for approximately $42 million over book value.

### Lines of Business

The Soft Drink Business Sectors manufacture and sell soft drink syrups and concentrates to bottling and canning operations and approved wholesalers. These Sectors also sell some bottled and canned consumer products.

The Entertainment Business Sector is engaged in the production and distribution of theatrical motion pictures and television series and features, and the manufacture and sale of coin-operated amusement games.

Citrus, Hi-C fruit drinks, coffee and pasta products are reported as "Foods." Plastic products are not material and are also included in the Foods Business Sector.

### Financial Position

**Liquidity and Capital Resources:** At December 31, 1983, working capital was $939 million, an increase of $189 million over the prior year. This increase resulted primarily from the sale of the Company's wine business in November 1983, which generated current assets in excess of $230 million. The Company's primary source of working capital continues to be funds provided by operations. Working capital provided from continuing operations was $823 million in 1983, a 6.5% increase over 1982. The primary uses of cash generated from operations are dividends and capital expenditures.

Working capital was $750 million at December 31, 1982, a $120 million increase over 1981. This increase was due primarily to the acquisition of Columbia, the issuance of $300 million principal amount of long-term debt and continued profitable operations. Also included in other current assets at December 31, 1982 was the Company's remaining investment of $120 mil-

lion in the assets of Associated Coca-Cola Bottling Co., Inc. These remaining assets were sold in 1983.

In 1983, the Company formed a finance subsidiary which will begin operations in 1984. This subsidiary will have expected capitalization of approximately $400 million of which about 15% will be funded by an equity contribution of the Company and will provide loans principally for sales equipment to the Company's bottlers and other customers.

As of December 31, 1983, the Entertainment Business Sector had invested approximately $27 million in two joint ventures which produce, acquire and distribute motion picture films.

The Company maintains credit lines at various financial institutions. At December 31, 1983, the unused portion of the credit lines was $295 million.

**Capital Expenditures:** Capital expenditures (excluding the initial acquistion of Columbia) in 1983 and 1982 were as follows (in millions):

| | 1983 | 1982 |
|---|---|---|
| Soft Drinks | **$238** | $250 |
| Entertainment | **73** | 54 |
| Foods | **45** | 54 |
| Corporate | **28** | 24 |
| | **$384** | $382 |

Capital expenditures for the Soft Drink and Foods Business Sectors related primarily to capacity expansion and improved efficiency. Capital expenditures in the Entertainment Sector consisted primarily of the purchase of an administrative building in 1983. In 1982 capital expenditures include various capital assets acquired in connection with the purchase of Columbia.

**Capital Expenditures** ($ Millions)


## Foreign Operations

The Company distributes its products in over 155 countries and uses approximately 40 functional currencies. Financial statements for the Company's foreign operations are translated to United States dollars in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" (SFAS 52) which was adopted as of January 1, 1982. The adoption of SFAS 52 required establishment of a foreign currency translation adjustment which reduced shareholders' equity by $11.7 million as of January 1, 1982. Further reductions of $76.2 million and $42.8 million were recorded for the years ended December 31, 1983 and 1982, respectively. The impact of SFAS 52 on 1981 is not material and such financial statements have not been restated.

Translation adjustments are an inherent result of the process of translating financial statements of entities with functional currencies other than the United States dollar. Translation adjustments accumulated in shareholders' equity do not represent the effect on net income resulting from the use of SFAS 52.

In accordance with SFAS 52 the United States dollar is used as the functional currency in countries considered to have hyperinflationary economies, such as Brazil and Mexico. Exchange gains (gains and losses on foreign currency transactions and translation of balance sheet accounts in hyperinflationary countries) were $9 million in 1983 and $27 million in 1982. Such amounts are included in other income (net of other deductions) in the consolidated statements of income.

In general, the Company does not enter into forward exchange contracts to hedge its net investment in foreign operations. The Company does, however, engage in various hedging activities to minimize potential losses on cash flows denominated in foreign currencies and to offset foreign exchange movements on firm commitments and certain other transactions where potential for loss exists.

## Additional Information

For additional information concerning the Company's operations, cash flow, liquidity and capital sources, this analysis should be read in conjunction with the Letter to Shareholders and the information on pages 36 through 45 of this Annual Report. For information relating to the effects of inflation on the operations of the Company see pages 48 and 49, "Supplemental Information on the Effects of Changing Prices." Additional information concerning operations in different industries and different geographical areas is presented on pages 44 and 45.

## Selected Financial Data

(In millions except per share data)

| Year Ended December 31, | 1983 | 1982 | 1981 |
|---|---|---|---|
| **Summary of Operations (a,b)** | | | |
| Net operating revenues | $6,829 | $6,021 | $5,699 |
| Cost of goods and services | 3,773 | 3,311 | 3,188 |
| Gross profit | 3,056 | 2,710 | 2,511 |
| Selling, administrative and general expenses | 2,063 | 1,830 | 1,725 |
| Operating income | 993 | 880 | 786 |
| Interest income—net | 10 | 31 | 32 |
| Other income (deductions)—net | (3) | 7 | (23) |
| Income from continuing operations before income taxes | 1,000 | 918 | 795 |
| Income taxes | 442 | 415 | 355 |
| Income from continuing operations | $ 558 | $ 503 | $ 440 |
| **Year-End Position** | | | |
| Cash and current marketable securities | $ 611 | $ 261 | $ 340 |
| Property, plant and equipment—net | 1,561 | 1,539 | 1,409 |
| Total assets | 5,228 | 4,923 | 3,565 |
| Long-term debt | 513 | 462 | 137 |
| Total debt | 620 | 583 | 232 |
| Shareholders' equity | 2,921 | 2,779 | 2,271 |
| Total capital (c) | 3,541 | 3,362 | 2,503 |
| **Per Share Data (e)** | | | |
| Income from continuing operations | $ 4.10 | $ 3.88 | $ 3.56 |
| Net income | 4.10 | 3.95 | 3.90 |
| Dividends | 2.68 | 2.48 | 2.32 |
| **Financial Ratios** | | | |
| Income from continuing operations to net operating revenues | 8.2% | 8.4% | 7.7% |
| Income from continuing operations to average shareholders' equity | 19.6% | 19.9% | 20.2% |
| Long-term debt to total capital | 14.5% | 13.7% | 5.5% |
| Total debt to total capital | 17.5% | 17.3% | 9.3% |
| Dividend payout | 65.3% | 62.8% | 59.5% |
| **Other Data** | | | |
| Average shares outstanding (e) | 136 | 130 | 124 |
| Capital expenditures | $ 384 | $ 382 | $ 330 |
| Depreciation | 154 | 144 | 133 |

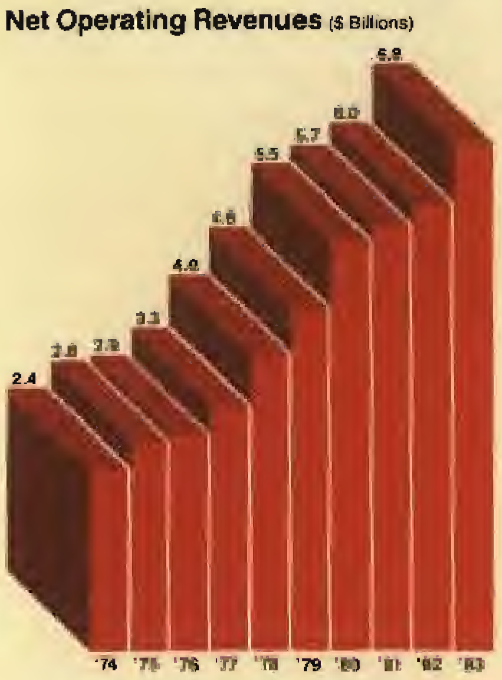
**Notes:**

(a) Operating results for 1974-1982 have been restated to exclude the results of the Company's wine business which was sold in November 1983 and accounted for as a discontinued operation.

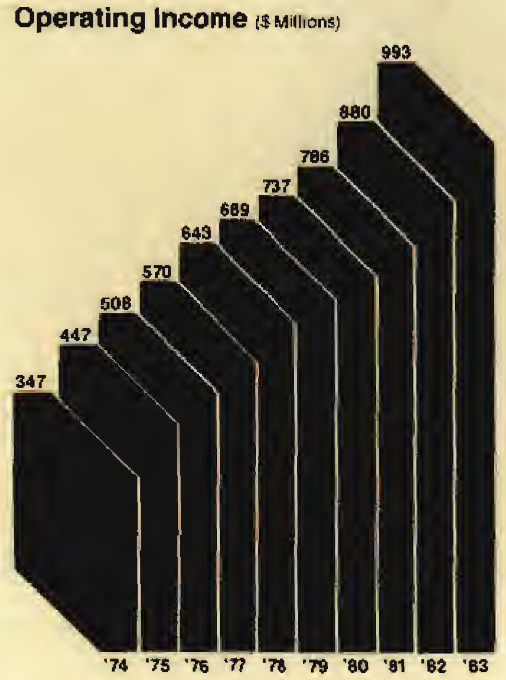
(b) In June 1982, the Company acquired Columbia Pictures Industries, Inc. in a purchase transaction.

In 1982, the Company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." See Note 10 to the Consolidated Financial Statements.

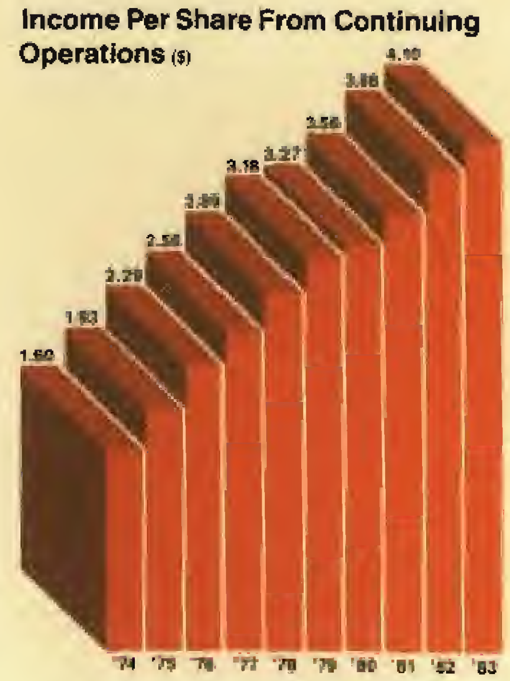
**Net Operating Revenues** ($ Billions)




**Operating Income** ($ Millions)




**Income Per Share From Continuing Operations** ($)

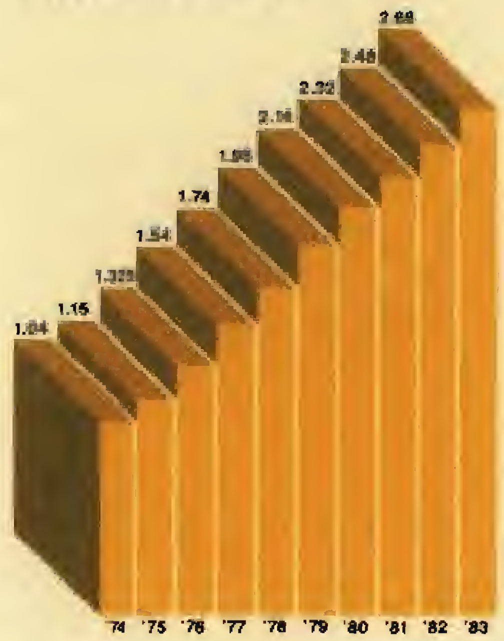


| 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 |
|---|---|---|---|---|---|---|
| $5,475 | $4,588 | $4,013 | $3,328 | $2,928 | $2,773 | $2,425 |
| 3,103 | 2,521 | 2,203 | 1,836 | 1,614 | 1,633 | 1,462 |
| 2,372 | 2,067 | 1,810 | 1,492 | 1,314 | 1,140 | 963 |
| 1,635 | 1,378 | 1,167 | 922 | 806 | 693 | 616 |
| 737 | 689 | 643 | 570 | 508 | 447 | 347 |
| 5 | 26 | 28 | 23 | 23 | 16 | 15 |
| (9) | (3) | (14) | (9) | (4) | (8) | 5 |
| 733 | 712 | 657 | 584 | 527 | 455 | 367 |
| 329 | 318 | 300 | 268 | 245 | 218 | 170 |
| $ 404 | $ 394 | $ 357 | $ 316 | $ 282 | $ 237 | $ 197(d) |
| $ 231 | $ 149 | $ 321 | $ 350 | $ 364 | $ 389 | $ 241 |
| 1,341 | 1,284 | 1,065 | 887 | 738 | 647 | 601 |
| 3,406 | 2,938 | 2,583 | 2,254 | 2,007 | 1,801 | 1,610 |
| 133 | 31 | 15 | 15 | 11 | 16 | 12 |
| 228 | 139 | 69 | 57 | 52 | 42 | 69 |
| 2,075 | 1,919 | 1,740 | 1,578 | 1,434 | 1,302 | 1,190 |
| 2,303 | 2,058 | 1,809 | 1,635 | 1,486 | 1,344 | 1,259 |
| $ 3.27 | $ 3.18 | $ 2.89 | $ 2.56 | $ 2.29 | $ 1.93 | $ 1.60(d) |
| 3.42 | 3.40 | 3.03 | 2.68 | 2.38 | 2.02 | 1.65(d) |
| 2.16 | 1.96 | 1.74 | 1.54 | 1.325 | 1.15 | 1.04 |
| 7.4% | 8.6% | 8.9% | 9.5% | 9.6% | 8.5% | 8.1% |
| 20.2% | 21.5% | 21.6% | 21.0% | 20.6% | 19.0% | 17.1% |
| 5.8% | 1.5% | .8% | .9% | .7% | 1.2% | 1.0% |
| 9.9% | 6.8% | 3.8% | 3.5% | 3.5% | 3.1% | 5.5% |
| 63.2% | 57.6% | 57.4% | 57.5% | 55.7% | 56.9% | 63.0% |
| 124 | 124 | 124 | 123 | 123 | 123 | 123 |
| $ 293 | $ 381 | $ 306 | $ 264 | $ 191 | $ 145 | $ 154 |
| 127 | 106 | 88 | 77 | 67 | 64 | 57 |

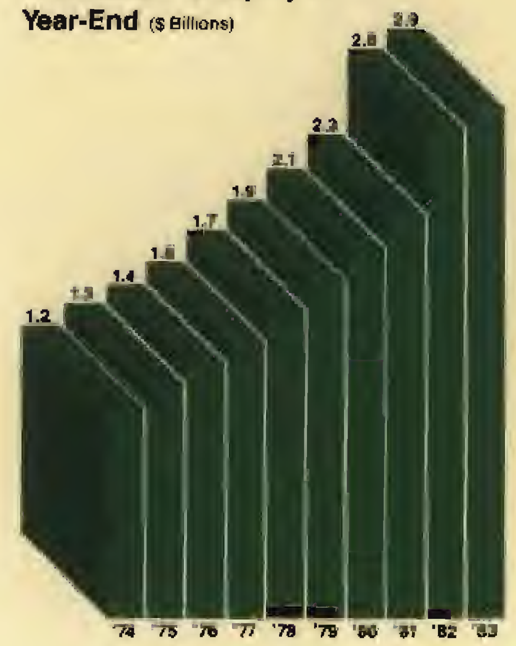
(c) Includes shareholders' equity and total debt.
(d) In 1974, the Company adopted the last-in, first-out (LIFO) accounting method for certain major categories of inventories. This accounting change caused a reduction in net income of $31.2 million ($.25 per share) in 1974.
(e) Adjusted for a two-for-one stock split in 1977.

**Return on Shareholders' Equity** (%)


**Dividends Per Share** ($)




**Shareholders' Equity at Year-End** ($ Billions)



## Consolidated Statements of Income

*The Coca-Cola Company and Subsidiaries*

(In thousands except per share data)

| Year Ended December 31, | 1983 | 1982 | 1981 |
|---|---|---|---|
| **Net Operating Revenues** | $6,828,992 | $6,021,135 | $5,698,901 |
| Cost of goods and services | 3,772,741 | 3,310,847 | 3,187,924 |
| **Gross Profit** | 3,056,251 | 2,710,288 | 2,510,977 |
| Selling, administrative and general expenses | 2,063,626 | 1,830,527 | 1,724,925 |
| **Operating Income** | 992,625 | 879,761 | 786,052 |
| Interest income | 82,912 | 106,172 | 70,604 |
| Interest expense | 72,677 | 74,560 | 38,301 |
| Other income (deductions)—net | (2,528) | 6,679 | (23,211) |
| **Income From Continuing Operations Before Income Taxes** | 1,000,332 | 918,052 | 795,144 |
| Income taxes | 442,072 | 415,076 | 355,221 |
| **Income From Continuing Operations** | 558,260 | 502,976 | 439,923 |
| Discontinued operations: | | | |
| Income from discontinued operations (net of applicable income taxes of $414 in 1983, $4,683 in 1982 and $12,234 in 1981) | 527 | 9,256 | 12,788 |
| Gain on disposal of discontinued operations (net of applicable income taxes of $13,274) | — | — | 29,071 |
| **Net Income** | $ 558,787 | $ 512,232 | $ 481,782 |
| **Per Share:** | | | |
| Continuing operations | $ 4.10 | $ 3.88 | $ 3.56 |
| Discontinued operations | — | .07 | .34 |
| Net income | $ 4.10 | $ 3.95 | $ 3.90 |
| **Average Shares Outstanding** | 136,222 | 129,793 | 123,610 |

See Notes to Consolidated Financial Statements.

## Consolidated Balance Sheets

(In thousands except per share data)

*The Coca-Cola Company and Subsidiaries*

| Assets | December 31, 1983 | 1982 |
|---|---|---|
| **Current** | | |
| Cash | $ 319,385 | $ 177,530 |
| Marketable securities, at cost (approximates market) | 292,084 | 83,381 |
| Trade accounts receivable, less allowances of $20,160 in 1983 and $21,336 in 1982 | 779,729 | 751,775 |
| Inventories and unamortized film costs | 744,107 | 808,799 |
| Prepaid expenses and other assets | 195,009 | 255,080 |
| **Total Current Assets** | 2,330,314 | 2,076,565 |
| **Investments, Film Costs and Other Assets** | | |
| Investments, at cost | 241,780 | 221,909 |
| Unamortized film costs | 252,612 | 211,460 |
| Other assets | 240,880 | 241,395 |
| | 735,272 | 674,764 |
| **Property, Plant and Equipment** | | |
| Land | 128,642 | 126,201 |
| Buildings and improvements | 618,586 | 602,475 |
| Machinery and equipment | 1,412,697 | 1,383,668 |
| Containers | 341,597 | 333,472 |
| | 2,501,522 | 2,445,816 |
| Less allowances for depreciation | 940,716 | 907,250 |
| | 1,560,806 | 1,538,566 |
| **Goodwill and Other Intangible Assets** | 601,430 | 633,415 |
| | $5,227,822 | $4,923,310 |

| Liabilities and Shareholders' Equity | 1983 | 1982 |
|---|---|---|
| **Current** | | |
| Loans and notes payable | $ 85,913 | $ 70,561 |
| Current maturities of long-term debt | 20,783 | 50,623 |
| Accounts payable and accrued expenses | 910,951 | 792,250 |
| Participations and other entertainment obligations | 154,213 | 154,803 |
| Accrued taxes—including income taxes | 219,240 | 258,574 |
| **Total Current Liabilities** | 1,391,100 | 1,326,811 |
| **Participations and Other Entertainment Obligations** | 226,129 | 190,408 |
| **Long-Term Debt** | 513,202 | 462,344 |
| **Deferred Income Taxes** | 176,635 | 165,093 |
| **Shareholders' Equity** | 3,648,163 | 3471467 |
| Common stock, no par value— Authorized: 180,000,000 shares in 1983 and 140,000,000 shares in 1982; Issued: 136,653,676 shares in 1983 and 136,099,741 shares in 1982 | 68,704 | 68,427 |
| Capital surplus | 500,031 | 478,308 |
| Retained earnings | 2,494,215 | 2,300,217 |
| Foreign currency translation adjustment | (130,640) | (54,486) |
| | 2,932,310 | 2,792,466 |
| Less treasury stock, at cost (300,588 shares in 1983; 359,338 shares in 1982) | 11,554 | 13,812 |
| | 2,920,756 | 2,778,654 |
| | $5,227,822 | $4,923,310 |

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Shareholders' Equity

(In thousands except per share data)

Three Years Ended December 31, 1983

| | Number of Shares | | Amount | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Treasury Stock | Common Stock | Capital Surplus | Retained Earnings | Foreign Currency Translation | Treasury Stock |
| Balance January 1, 1981 | 123,990 | 401 | $62,372 | $113,172 | $1,914,547 | $ — | $(15,353) |
| Sales to employees exercising stock options and appreciation rights | 35 | — | 17 | 841 | — | — | — |
| Tax benefit from sale of option shares by employees | — | — | — | 181 | — | — | — |
| Net income | — | — | — | — | 481,782 | — | — |
| Dividends (per share—$2.32) | — | — | — | — | (286,787) | — | — |
| Balance December 31, 1981 | 124,025 | 401 | 62,389 | 114,194 | 2,109,542 | — | (15,353) |
| Effect of restating asset and liability balances as of January 1, 1982 for adoption of SFAS No. 52 (net of income taxes of $2,316) | — | — | — | — | — | (11,657) | — |
| Sales to employees exercising stock options and appreciation rights | 121 | — | 61 | 3,685 | — | — | — |
| Tax benefit from sale of option shares by employees | — | — | — | 814 | — | — | — |
| Purchase of Columbia Pictures Industries, Inc. | 11,954 | — | 5,977 | 359,579 | — | — | — |
| Translation adjustments (net of income taxes of $11,188) | — | — | — | — | — | (42,829) | — |
| Treasury stock issued to officers | — | (42) | — | 36 | — | — | 1,541 |
| Net income | — | — | — | — | 512,232 | — | — |
| Dividends (per share—$2.48) | — | — | — | — | (321,557) | — | — |
| Balance December 31, 1982 | 136,100 | 359 | 68,427 | 478,308 | 2,300,217 | (54,486) | (13,812) |
| Sales to employees exercising stock options and appreciation rights | 387 | — | 194 | 13,327 | — | — | — |
| Tax benefit from sale of option shares by employees | — | — | — | 1,616 | — | — | — |
| Translation adjustments (net of income taxes of $13,346) | — | — | — | — | — | (76,154) | — |
| Treasury stock issued in connection with an acquisition | — | (58) | — | (1,847) | — | — | 2,258 |
| Stock issued under Restricted Stock Award Plan | 167 | — | 83 | 8,627 | — | — | — |
| Net income | — | — | — | — | 558,787 | — | — |
| Dividends (per share—$2.68) | — | — | — | — | (364,789) | — | — |
| Balance December 31, 1983 | 136,654 | 301 | $68,704 | $500,031 | $2,494,215 | $(130,640) | $(11,554) |

See Notes to Consolidated Financial Statements.

**Consolidated Statements of Changes in Financial Position** (In thousands)

*The Coca-Cola Company and Subsidiaries*

| Year Ended December 31, | 1983 | 1982 | 1981 |
|---|---|---|---|
| **Source of Working Capital** | | | |
| From operations: | | | |
| Income from continuing operations | $ 558,260 | $ 502,976 | $439,923 |
| Add charges not requiring outlay of working capital during the year: | | | |
| Depreciation | 153,655 | 143,549 | 132,713 |
| Amortization: | | | |
| Goodwill | 16,468 | 10,101 | 3,796 |
| Noncurrent film costs | 57,167 | 43,495 | — |
| Deferred income taxes | 12,220 | 48,702 | 23,169 |
| Other | 25,460 | 24,111 | 57,134 |
| **Total From Continuing Operations** | 823,230 | 772,934 | 656,735 |
| Discontinued operations (excludes provisions for depreciation, amortization and deferred income taxes of $8,219 in 1983, $7,504 in 1982 and $7,186 in 1981) | 8,746 | 16,760 | 49,045 |
| **Total From Operations** | 831,976 | 789,694 | 705,780 |
| Net long-term assets of discontinued operations (including property, plant and equipment) | 89,990 | 1,851 | 8,303 |
| Common stock issued | 22,000 | 370,152 | 1,090 |
| Increase in long-term debt | 50,398 | 249,392 | 4,057 |
| Increase in participations and other entertainment obligations | 35,721 | — | — |
| Transfer of noncurrent film costs to current | 16,987 | 93,909 | — |
| Disposals of property, plant and equipment | 34,972 | 44,467 | 64,023 |
| Decrease in investments and other assets | — | 21,836 | — |
| Decrease in goodwill (purchase accounting adjustment) | 20,547 | — | — |
| Other | 4,436 | 3,302 | — |
| | 1,107,027 | 1,574,603 | 783,253 |
| **Application of Working Capital** | | | |
| Cash dividends | 364,789 | 321,557 | 286,787 |
| Acquisitions of purchased companies excluding net current assets: | | | |
| Property, plant and equipment—net | 7,439 | 56,739 | 9,814 |
| Other assets net of other liabilities | (583) | 89,693 | 103 |
| Goodwill | 7,480 | 516,115 | 10 |
| Additions to property, plant and equipment | 376,197 | 325,016 | 319,792 |
| Additions to noncurrent film costs | 115,306 | 95,804 | — |
| Increase in investments and other assets | 19,361 | — | 86,284 |
| Foreign currency translation | 27,299 | 21,693 | — |
| Other | 279 | 28,153 | 11,215 |
| | 917,567 | 1,454,770 | 714,005 |
| **Increase in Working Capital** | $ 189,460 | $ 119,833 | $ 69,248 |
| **Increase (Decrease) in Working Capital by Component** | | | |
| Cash and marketable securities | $ 350,558 | $ (78,631) | $108,456 |
| Trade accounts receivable | 27,954 | 268,284 | (39,632) |
| Inventories and unamortized film costs | (64,692) | 58,080 | (59,516) |
| Prepaid expenses and other current assets | (60,071) | 192,586 | 4,685 |
| Loans and notes payable | (15,352) | 19,086 | (2,060) |
| Current maturities of long-term debt | 29,840 | (45,108) | 2,013 |
| Accounts payable and accrued expenses | (118,701) | (120,201) | 60,974 |
| Participations and other entertainment obligations | 590 | (154,803) | — |
| Accrued taxes—including income taxes | 39,334 | (19,460) | (5,672) |
| **Increase in Working Capital** | $ 189,460 | $ 119,833 | $ 69,248 |

See Notes to Consolidated Financial Statements.

1983



**1. Accounting Policies.** The major accounting policies and practices followed by the Company and its subsidiaries are as follows:

*Consolidation*

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

*Inventories and Unamortized Film Costs*

Inventories are valued at the lower of cost or market. The last-in, first-out (LIFO) method of inventory valuation generally is used for sugar and other sweeteners used in beverages in the United States, for certain major citrus concentrate products, for substantially all inventories of United States bottling subsidiaries and for certain other operations. All other inventories are valued on the basis of average cost or first-in, first-out (FIFO) methods. The excess of current costs over LIFO stated values amounted to approximately $59 million and $72 million at December 31, 1983 and 1982, respectively.

Unamortized film costs include film production, print, pre-release and other advertising costs expected to benefit future periods, estimated profit participations, and capitalized interest. The individual film forecast method is used to amortize these costs based on the revenues recognized in proportion to management's estimate of ultimate revenues to be received.

The costs of feature and television films are classified as current assets to the extent such costs are expected to be recovered through the respective primary markets. Other costs relating to film production are classified as noncurrent.

Revenues from theatrical exhibition of feature films are recognized on the dates of exhibition. Revenues from television licensing agreements are recognized when films are available for telecasting.

*Property, Plant and Equipment*

Property, plant and equipment is stated at cost, less allowance for depreciation, except that foreign subsidiaries carry bottles and shells in service at amounts (less than cost) which generally correspond with deposit prices obtained from customers. Approximately 90% of depreciation expense was determined by the straight-line method for the years ended December 31, 1983, 1982 and 1981. The rates of depreciation are 2% to 10% for buildings and improvements and 7% to 34% for machinery and equipment. Investment tax credits are accounted for by the flow-through method.

*Capitalized Interest*

Interest capitalized as part of the cost of acquisition, construction or production of major assets (including film costs) was $18 million, $14 million and $8 million in 1983, 1982 and 1981, respectively.

*Goodwill and Other Intangible Assets*

Goodwill and other intangible assets are stated on the basis of cost and, if acquired subsequent to October 31, 1970, are being amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years). Accumulated amortization amounted to $42 million and $26 million at December 31, 1983 and 1982, respectively.

**2. Inventories and Unamortized Film Costs** are comprised of the following (in thousands):

| | December 31, 1983 | 1982 |
|---|---|---|
| Finished goods | $217,329 | $219,000 |
| Work in process | 15,173 | 96,305 |
| Raw materials and supplies | 366,000 | 368,730 |
| Unamortized film costs (includes in process costs of $60,669 in 1983 and $23,260 in 1982) | 145,605 | 124,764 |
| | $744,107 | $808,799 |
| Noncurrent— Unamortized film costs: | | |
| Completed | $147,697 | $113,527 |
| In process | 104,915 | 97,933 |
| | $252,612 | $211,460 |

**3. Short-Term Borrowings and Credit Arrangements.** Loans and notes payable include amounts payable to banks and other financial institutions of $86 million and $71 million at December 31, 1983 and 1982, respectively.

Under line of credit arrangements for short-term debt with various financial institutions, the Company and its subsidiaries may borrow up to $360 million. These lines of credit are subject to normal banking terms and conditions. At December 31, 1983, the unused portion of the credit lines was $295 million. Some of the financial arrangements require compensating balances which are not material.

**4. Accounts Payable and Accrued Expenses** are composed of the following amounts (in thousands):

| | December 31, 1983 | 1982 |
|---|---|---|
| Trade accounts payable | $768,913 | $647,061 |
| Deposits on bottles and shells | 51,371 | 67,725 |
| Other | 90,667 | 77,464 |
| | $910,951 | $792,250 |

**5. Accrued Taxes** are composed of the following amounts (in thousands):

| | December 31, 1983 | 1982 |
|---|---|---|
| Income taxes | $166,228 | $190,790 |
| Sales, payroll and miscellaneous taxes | 53,012 | 67,784 |
| | $219,240 | $258,574 |

**6. Long-Term Debt** consists of the following amounts (in thousands):

| | December 31, 1983 | 1982 |
|---|---|---|
| 9⅞% notes due June 1, 1985 | $ 99,958 | $ 99,928 |
| 11¾% notes due October 1, 1989 | 97,916 | 97,548 |
| 10⅜% notes due June 1, 1988 | 98,534 | 23,200 |
| 9⅞% notes due August 1, 1992 | 98,125 | — |
| Short-term borrowings refinanced with long-term debt | — | 173,000 |
| Other | 139,452 | 119,291 |
| | 533,985 | 512,967 |
| Less current portion | 20,783 | 50,623 |
| | $513,202 | $462,344 |

The 9⅞% (due June 1, 1985) notes may be redeemed at the option of the Company in whole or in part at 100% of their principal amount, plus accrued interest.

The 11¾% and 10⅜% notes and the 9⅞% (due August 1, 1992) notes were issued by the Company's wholly-owned subsidiary, Coca-Cola International Finance N.V., and bear the Company's full guarantee. The 11¾% notes are redeemable at the Company's option after September 30, 1986. The 9⅞% (due August 1, 1992) notes are redeemable at the Company's option after July 31, 1989. In addition, all three note issues may be redeemed at the Company's option under certain limited conditions related to United States and foreign tax laws.

Other long-term debt consists of various mortgages and notes with maturity dates ranging from 1984 to 2010. Interest on a portion of this debt varies with the changes in the prime rate, and the weighted average interest rate applicable to the remainder is approximately 13.5%.

Maturities of long-term debt for the five years succeeding December 31, 1983, are as follows (in thousands):

| | |
|---|---|
| 1984 | $ 20,783 |
| 1985 | 114,768 |
| 1986 | 17,857 |
| 1987 | 14,047 |
| 1988 | 111,524 |

The above notes and other long-term debt instruments include various restrictions, none of which are presently significant to the Company. The Company is contingently liable for guarantees of indebtedness owed by its independent bottling companies and others in the approximate amount of $94 million at December 31, 1983.

**7. Pension Plans.** The Company and its subsidiaries sponsor and/or contribute to various pension plans covering substantially all United States employees and certain employees in non-United States locations. Pension expense for continuing operations determined under various actuarial cost methods, principally the aggregate level cost method, amounted to approximately $39 million in 1983, $35 million in 1982 and $33 million in 1981. Pension costs are generally funded currently.

The actuarial present value of accumulated benefits, as estimated by consulting actuaries, and net assets available for benefits of Company and subsidiary-sponsored plans in the United States are presented below (in thousands):

| | January 1, 1983 | 1982 |
|---|---|---|
| Actuarial present value of accumulated plan benefits: | | |
| Vested | $193,122 | $178,343 |
| Nonvested | 15,940 | 14,284 |
| | $209,062 | $192,627 |
| Net assets available for benefits | $280,731 | $234,836 |

The weighted average assumed rates of return used in determining the actuarial present value of accumulated plan benefits were approximately 9.5% for 1983 and 9.75% for 1982. This change in the assumed rate of return increased the actuarial present value of accumulated plan benefits by approximately $9 million at January 1, 1983.

The Company has various pension plans in locations outside the United States. These locations are not required to report to United States governmental agencies and do not determine the actuarial present value of accumulated plan benefits or net assets available for benefits as calculated and disclosed above. For such plans, the value of the pension funds and balance sheet accruals exceeded the actuarially computed value of vested benefits as of January 1, 1983 and 1982, as estimated by consulting actuaries.

**8. Income Taxes.** The components of income before income taxes for both continuing and discontinued operations consisted of the following (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1982 | 1981 |
| United States | **$ 409,613** | $357,063 | $309,654 |
| Foreign | **591,660** | 574,928 | 552,857 |
| | **$1,001,273** | $931,991 | $862,511 |

Income taxes for continuing and discontinued operations consisted of the following amounts (in thousands):

| | United States | State & Local | Foreign | Total |
|---|---|---|---|---|
| Year Ended December 31, | | | | |
| **1983** | | | | |
| **Current** | **$114,195** | **$25,615** | **$287,846** | **$427,656** |
| **Deferred** | **4,493** | **1,068** | **9,269** | **14,830** |
| 1982 | | | | |
| Current | $ 79,605 | $ 22,638 | $ 266,709 | $ 368,952 |
| Deferred | 33,281 | 1,363 | 16,163 | 50,807 |
| 1981 | | | | |
| Current | $ 86,589 | $ 22,461 | $ 248,292 | $ 357,342 |
| Deferred | 15,574 | 1,646 | 6,167 | 23,387 |

Total tax expense differed from the amount computed by applying the statutory federal income tax rate to income before income taxes principally because of investment tax credits which had the effect of reducing the tax provision by approximately $20 million in 1983, $24 million in 1982 and $14 million in 1981.

Deferred taxes are provided principally for depreciation and film costs which are recognized in different years for financial statement and income tax purposes.

**9. Restricted Stock Award Plan and Stock Options.** In May 1983, the shareholders approved the 1983 Restricted Stock Award Plan. Under the provisions of this Plan, 500,000 shares of restricted common stock may be granted to certain officers and key employees of the Company. Restrictions relate to transferability and lapse over the period from the date of grant to retirement. The market value of the shares at the date of grant is charged to operations over those periods. In 1983, 166,500 shares were granted. At December 31, 1983, 333,500 shares were available to be granted under this Plan.

The Company's 1983 Stock Option Plan was approved in May 1983 and covers 2,000,000 shares of the Company's common stock. The Plan provides for the granting of stock appreciation rights and stock options to certain officers and employees. Stock appreciation rights permit the holder, upon surrendering all or part of the related stock option, to receive cash, common stock, or a combination thereof, in an amount up to 100% of the difference between the market price and the option price. Included in options outstanding at December 31, 1983, were various options granted under previous plans and other options granted not as a part of an option plan.

Further information relating to options is as follows:

| | December 31, | | |
|---|---|---|---|
| | 1983 | 1982 | 1981 |
| Options outstanding at January 1 | **1,507,162** | 1,406,360 | 1,392,457 |
| Options granted in the year | **487,900** | 288,300 | 244,975 |
| Options exercised in the year | **(203,361)** | (120,791) | (35,651) |
| Options cancelled in the year | **(78,479)** | (66,707) | (195,421) |
| Options outstanding at December 31 | **1,713,222** | 1,507,162 | 1,406,360 |
| Options exercisable at December 31 | **750,026** | 781,906 | 755,598 |
| Shares available at December 31 for options which may be granted | **1,577,858** | 25,261 | 278,121 |
| Option prices per share | | | |
| Exercised in the year | **$25-$50** | $22-$44 | $22-$34 |
| Unexercised at year-end | **$25-$52** | $25-$68 | $22-$68 |

Not reflected above are options assumed in connection with the acquisition of Columbia Pictures Industries, Inc. covering 94,081 shares of the Company's common stock at December 31, 1983. The average option price for these options is $37. During 1983 options for 169,200 such shares were exercised.

**10. Foreign Operations Currency Translation.** In 1982, the Company adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" (SFAS 52) for translating the financial statements of its foreign operations. An equity adjustment ($11.7 million) was recorded as of January 1, 1982, for the cumulative effect of SFAS 52 on prior years. Net exchange gains (gains and losses on foreign currency transactions and translation of balance sheet accounts of operations in hyperinflationary economies) included in income were $9 million for 1983 and $27 million for 1982. The impact of SFAS 52 on 1981 operating results was not material and such financial statements have not been restated.

Appropriate United States and foreign income taxes have been provided for on earnings of subsidiary companies which are expected to be remitted to the parent company in the near future. Accumulated unremitted earnings of foreign subsidiaries which are expected to be required for use in the foreign operations were approximately $56 million at December 31, 1983, exclusive of amounts which if remitted would result in little or no tax.

**11. Acquisitions.** In 1983, the Company purchased various bottling operations. The operating results for these companies have been included in the consolidated statement of income from the dates of acquisition and did not have a significant effect on operating results for 1983.

In June 1982, the Company acquired all of the outstanding capital stock of Columbia Pictures Industries, Inc. ("Columbia") in a purchase transaction. The purchase price, consisting of cash and common stock of the Company, was valued at approximately $692 million. The values assigned to assets acquired and liabilities assumed are based on studies conducted to determine their fair values. The excess cost over net fair value is being amortized over forty years using the straight-line method.

The pro forma consolidated results of continuing operations of the Company, as if Columbia had been acquired as of January 1, 1981, are as follows (in millions, except per share data):

| | Year Ended December 31, 1982 | 1981 |
|---|---|---|
| Net operating revenues | $6,374 | $6,434 |
| Income from continuing operations | 489 | 449 |
| Income from continuing operations per share | 3.60 | 3.31 |

The pro forma results include adjustments to reflect interest expense on $333 million of the purchase price assumed to be financed with debt bearing interest at an annual rate of 11%, the amortization of the unallocated excess cost over net assets of Columbia, the income tax effects of pro forma adjustments and the issuance of 12.2 million shares of the Company's common stock.

The pro forma results for the twelve months ended December 31, 1981, have been further adjusted to reflect Columbia's repurchase in February 1981 of 2.4 million shares of Columbia common stock from certain shareholders as if such repurchase had been consummated as of January 1, 1981. Accordingly, interest expense has been increased for amounts necessary to fund the cash portion of the purchase price, legal expenses incurred in litigation with such shareholders have been eliminated and income taxes have been adjusted.

In June 1982, the Company purchased Associated Coca-Cola Bottling Co., Inc. ("Associated") at a cost of approximately $419 million. Associated was acquired with the intent of selling all properties to other purchasers as part of the Company's strategy to assist in restructuring its bottler system. Accordingly, the acquisition was accounted for as a temporary investment under the cost method of accounting. Approximately 70% of Associated's operating assets were sold in 1982 and the remainder were sold in 1983 for amounts equal to the Company's costs. A substantial portion of such assets were sold for $245 million to a corporation owned principally by a former director of the Company.

In September 1982, the Company purchased for cash Ronco Foods Company, a manufacturer and distributor of pasta products. This transaction had no significant effect on the Company's operating results.

**12. Discontinued Operations.** In November 1983, the Company sold its wine business for book value plus advances, amounting to approximately $230 million. In February 1982, the Company sold its Tenco Division, which manufactured and distributed private label instant coffees and teas, for approximately book value. In 1981, the Company sold Aqua-Chem, Inc., a wholly-owned subsidiary which produced steam generators, industrial boilers and water treatment equipment.

Net revenues of discontinued operations were $162 million, $229 million and $430 million in 1983, 1982 and 1981, respectively.

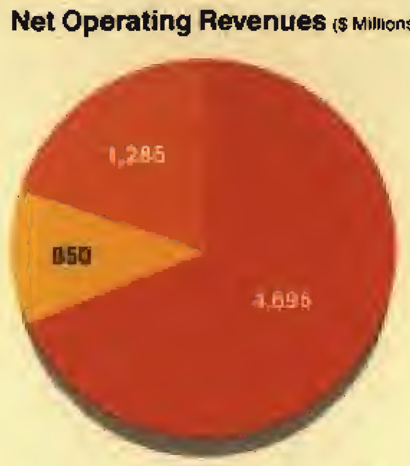
# Notes to Consolidated Financial Statements (continued)

**13. Lines of Business** (1). The Company operates principally in the soft drink industry. In June 1982, the Company acquired Columbia Pictures Industries, Inc., which operates in the entertainment industry. Citrus, Hi-C fruit drinks, coffee and pasta products are included in the Foods Business Sector. Plastic products are not material and are also included in the Foods Business Sector. Inter-company transfers between Sectors are not material. Information concerning operations in different lines of business is as follows (in millions):

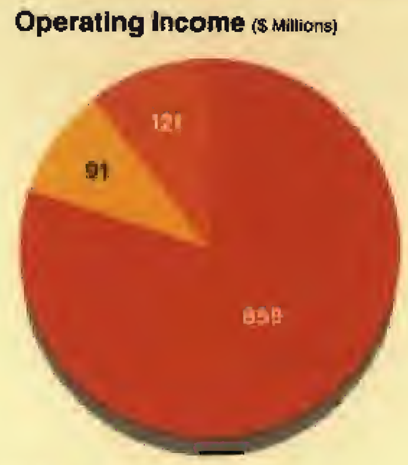
| Year Ended December 31, | 1983 | 1982 | 1981 |
|---|---|---|---|
| Net operating revenues: | | | |
| Soft drinks | $4,694.6 | $4,413.8 | $4,558.6 |
| Entertainment | 849.5 | 457.3 | — |
| Foods | 1,284.9 | 1,150.0 | 1,140.3 |
| Consolidated net operating revenues | $6,829.0 | $6,021.1 | $5,698.9 |
| Operating income: | | | |
| Soft drinks | $ 858.6 | $ 800.0 | $ 752.0 |
| Entertainment | 90.6 | 35.8 | — |
| Foods | 121.3 | 117.9 | 106.7 |
| General expenses | (77.9) | (73.9) | (72.6) |
| Consolidated operating income | 1070.5 $ 992.6 | 953.7 $ 879.8 | 858.7 $ 786.1 |
| Identifiable assets at year-end: | | | |
| Soft drinks | $2,670.6 | $2,521.4 | $2,472.5 |
| Entertainment | 1,394.0 | 1,309.8 | — |
| Foods | 431.9 | 380.4 | 379.0 |
| Corporate assets (principally marketable securities, investments and fixed assets) | 731.3 | 476.2 | 452.7 |
| Discontinued operations | — | 235.5 | 260.6 |
| Consolidated assets | $5,227.8 | $4,923.3 | $3,564.8 |
| Capital expenditures (including fixed assets of purchased companies): | | | |
| Soft drinks | $ 237.6 | $ 249.5 | $ 251.5 |
| Entertainment | 72.9 | 53.9 | — |
| Foods | 45.1 | 53.7 | 58.4 |
| Corporate | 28.0 | 24.6 | 19.6 |
| Consolidated capital expenditures | $ 383.6 | $ 381.7 | $ 329.5 |
| Depreciation and amortization of goodwill: | | | |
| Soft drinks | $ 120.4 | $ 117.6 | $ 109.0 |
| Entertainment | 15.7 | 7.6 | — |
| Foods | 25.2 | 20.8 | 18.7 |
| Corporate | 8.8 | 7.6 | 8.8 |
| Consolidated depreciation and amortization of goodwill | $ 170.1 | $ 153.6 | $ 136.5 |

(1) Operating results for 1982 and 1981 have been restated to exclude the results of the Company's wine business, which was sold in 1983 and has been accounted for as a discontinued operation. In addition, certain amounts for 1982 and 1981 have been reclassified on a comparable basis with 1983.

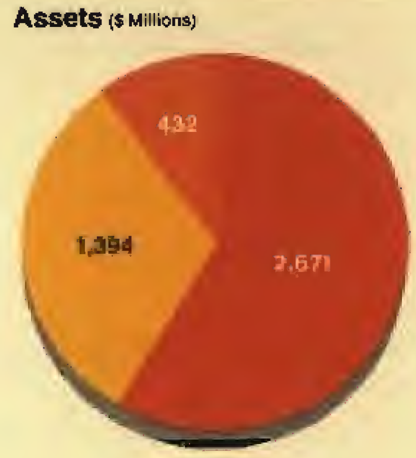
**Net Operating Revenues** ($ Millions)




**Operating Income** ($ Millions)




**Assets** ($ Millions)



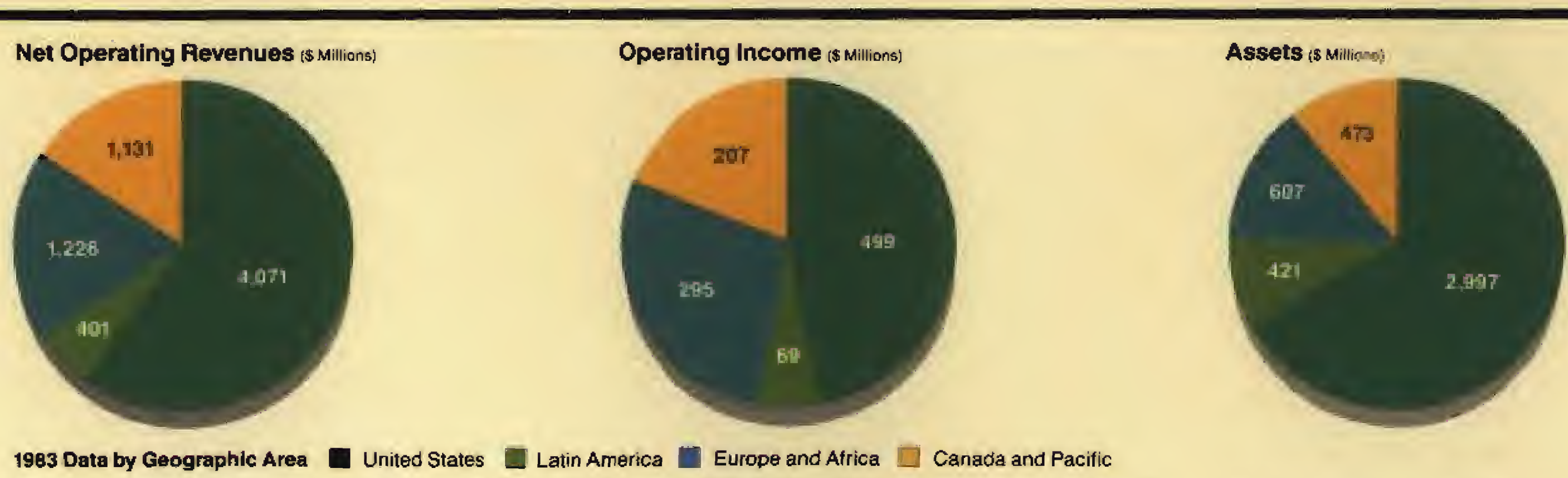

**1983 Data by Line of Business** ■ Soft Drinks ■ Entertainment ■ Foods

**14. Operations in Geographic Areas** (1). Information about the Company's operations in different geographic areas is presented below (in millions). Inter-company transfers between geographic areas are not material.

| Year Ended December 31, | 1983 | 1982 | 1981 |
|---|---|---|---|
| Net operating revenues: | | | |
| United States | $4,071.4 | $3,351.5 | $3,048.5 |
| Latin America | 401.3 | 516.3 | 608.1 |
| Europe and Africa | 1,225.6 | 1,155.6 | 1,096.3 |
| Canada and Pacific | 1,130.7 | 997.7 | 946.0 |
| Consolidated net operating revenues | $6,829.0 | $6,021.1 | $5,698.9 |
| Operating income: | | | |
| United States | $ 498.7 | $ 403.2 | $ 322.3 |
| Latin America | 69.4 | 123.2 | 156.1 |
| Europe and Africa | 295.4 | 249.5 | 235.6 |
| Canada and Pacific | 207.0 | 177.8 | 144.7 |
| General expenses | (77.9) | (73.9) | (72.6) |
| Consolidated operating income | $ 992.6 | $ 879.8 | $ 786.1 |
| Identifiable assets at year-end: | | | |
| United States | $2,996.5 | $2,773.2 | $1,431.5 |
| Latin America | 420.9 | 435.9 | 436.2 |
| Europe and Africa | 606.5 | 582.0 | 583.0 |
| Canada and Pacific | 472.6 | 420.5 | 400.8 |
| Corporate assets (principally marketable securities, investments and fixed assets) | 731.3 | 476.2 | 452.7 |
| Discontinued operations | — | 235.5 | 260.6 |
| Consolidated assets | $5,227.8 | $4,923.3 | $3,564.8 |

(1) Operating results for 1982 and 1981 have been restated to exclude the results of the Company's wine business, which was sold in 1983 and has been accounted for as a discontinued operation.

Identifiable liabilities of operations outside the United States were $652 million, $627 million and $637 million at December 31, 1983, 1982 and 1981, respectively.



Board of Directors and Shareholders
The Coca-Cola Company
Atlanta, Georgia

We have examined the consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income, shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles consistently applied during the period except for the change in 1982, with which we concur, in the method of accounting for foreign currency translation as described in Note 10 to the consolidated financial statements.

Ernst & Whinney

Atlanta, Georgia
February 7, 1984

Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include some amounts based on management's best judgments and estimates. Financial information in this Annual Report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by the Board of Directors, applicable to all employees of the Company and its subsidiaries. Management believes that the Company's internal accounting controls provide reasonable assurance that assets are safeguarded against material loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements and other data and maintaining accountability for assets.

The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent accountants, management and internal auditors periodically to discuss internal accounting controls, auditing and financial reporting matters. The Committee reviews with the independent accountants the scope and results of the audit effort. The Committee also meets with the independent accountants without management present to ensure that the independent accountants have free access to the Committee.

The independent accountants, Ernst & Whinney, are recommended by the Audit Committee of the Board of Directors, selected by the Board of Directors and ratified by the shareholders. Ernst & Whinney is engaged to examine the consolidated financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as they deem necessary in conformity with generally accepted auditing standards. The opinion of the independent accountants, based upon their examination of the consolidated financial statements, is contained in this Annual Report.

Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer

Sam Ayoub
Senior Executive Vice President
and Chief Financial Officer

February 7, 1984

**General.** The following unaudited disclosures were prepared in accordance with Statement Nos. 33 and 70 issued by the Financial Accounting Standards Board and are intended to quantify the impact of inflation on earnings and production facilities. The inflation-adjusted data is presented under the specific price changes method (current cost). Only those items most affected by inflation have been adjusted; i.e., inventories, property, plant and equipment, the related costs of goods and services sold and depreciation and amortization expense. Although the resulting measurements cannot be used as precise indicators of the effects of inflation, they do provide an indication of the effect of increases in specific prices of the Company's inventories and properties.

The adjustments for specific price changes involve a substantial number of judgments as well as the use of various estimating techniques employed to control the cost of accumulating the data. The data reported should not be thought of as precise measurements of the assets and expenses involved, or of the amount at which the assets could be sold. Rather, they represent reasonable approximations of the price changes that have occurred in the business environment in which the Company operates.

A brief explanation of the current cost method is presented below.

The current cost method attempts to measure the effect of increases in the specific prices of the Company's inventories and properties. It is intended to estimate what it would cost in 1983 dollars to replace the Company's inventories and existing properties.

Under this method, cost of goods sold valued on the average method is adjusted to reflect the current cost of inventories at the date of sale. That portion of cost of goods sold valued on the LIFO method approximates the current cost of inventory at the date of sale and generally remains unchanged from the amounts presented in the primary financial statements.

Current cost depreciation expense is based on the average current cost of properties in the year. The depreciation methods, salvage values and useful lives are the same as those used in the primary statements.

The current cost of finished products inventory was approximated by adjusting historical amounts to reflect current costs for material, labor and overhead expenses as well as current cost depreciation, where applicable. The current costs for inventories other than

| **Statement of Income Adjusted for Changing Prices** (In millions except per share data) Year Ended December 31, 1983 | As Reported in the Primary Statements | Adjusted for Changes in Specific Prices (Current Costs) |
|---|---|---|
| Net operating revenues | $6,829.0 | $6,829.0 |
| Cost of goods and services (excluding depreciation) | 3,709.2 | 3,716.5 |
| Depreciation and amortization | 156.1 | 226.2 |
| Other operating expenses | 1,973.0 | 1,973.0 |
| Net of other (income) and deductions | (9.6) | (13.9) |
| Income from continuing operations before income taxes | 1,000.3 | 927.2 |
| Income taxes | 442.0 | 442.0 |
| Income from continuing operations | $ 558.3 | $ 485.2 |
| Income per share from continuing operations | $ 4.10 | $ 3.57 |
| Effective income tax rate | 44.2% | 47.7% |
| Purchasing power gain from holding net monetary liabilities in the year | | $ 27.8 |
| Increase in specific prices of inventories and property, plant and equipment held in the year | | $ 184.1 |
| Less effect of increase in general price level | | 273.9 |
| Increase in specific prices over increase in the general price level | | $ (89.8) |
| Estimated translation adjustment | | $ (80.0) |
| Inventory and film costs | $ 996.7 | $1,198.4 |
| Property, plant and equipment—net | $1,560.8 | $2,174.6 |

A significant part of the Company's operations are measured in functional currencies other than the United States dollar. Adjustments to reflect the effects of general inflation were determined on the translate-restate method using the U.S. CPI(U).

finished products was determined on the basis of price lists or appropriate supplier quotations and by other managerial estimates consistent with established purchasing and production procedures.

Since motion picture films are the result of a unique blending of the artistic talents of many individuals and are produced under widely varying circumstances, it is not feasible to develop the current cost of film inventories, particularly since the Company would rarely, if ever, attempt to duplicate an existing film property. In view of these considerations and as permitted by Statement of Financial Accounting Standards No. 46, film inventories have been valued on the basis of constant dollar equivalents. Direct supplier quotations, published price lists, engineering estimates, construction quotations, appraisals, published and internally developed indexes were the methods used to determine the current cost of property, plant and equipment.

Under current cost accounting, increases in specific prices (current cost) of inventories and properties held during the year are not included in income from continuing operations.

**Income Taxes.** Taxes on income included in the supplementary statement of income are the same as reported in the primary financial statements. In most countries, present tax laws do not allow deductions for the effects of inflation. Thus, taxes are levied on the Company at rates which, in real terms, exceed established statutory rates.

**Purchasing Power Gain.** During periods of inflation, monetary assets, such as cash, marketable securities and accounts receivable, lose purchasing power since they will buy fewer goods when the general price level increases. The holding of monetary liabilities, such as accounts payable, accruals and debt, results in a gain of purchasing power because cheaper dollars will be used to repay the obligations. The Company has benefited from a net monetary liability position in recent years, resulting in a net gain in purchasing power. This gain does not represent an increase in funds available for distribution to shareholders and does not necessarily imply that incurring more debt would be beneficial to the Company.

**Increase in Specific Prices.** Shown separately are the total changes in current costs for inventories and properties, that component of the total change due to general inflation and that component of the change attributable to fluctuations in exchange rates.

**Five-Year Comparison of Selected Supplemental Financial Data Adjusted for Effects of Changing Prices (In Average 1983 Dollars)**
(In millions except per share data)

| Year Ended December 31, | 1983 | 1982 | 1981 | 1980 | 1979 |
|---|---|---|---|---|---|
| Net operating revenues | **$6,829.0** | $6,214.7 | $6,242.9 | $6,619.7 | $6,297.4 |
| Current cost information: | | | | | |
| Income from continuing operations | **485.2** | 409.0 | 376.3 | 317.7 | 378.8 |
| Income per share from continuing operations | **3.57** | 3.16 | 3.04 | 2.55 | 3.05 |
| Increase in specific prices over (under) increase in the general price level, including translation adjustments | **(169.8)** | (191.0) | (226.7) | 26.7 | 220.3 |
| Net assets at year-end | **3,748.0** | 3,732.9 | 3,435.5 | 3,846.7 | 3,882.9 |
| Purchasing power gain on net monetary items | **27.8** | 18.2 | 26.8 | 52.1 | 28.4 |
| Cash dividends declared per share: | | | | | |
| As reported | **2.68** | 2.48 | 2.32 | 2.16 | 1.96 |
| Adjusted for general inflation | **2.68** | 2.56 | 2.54 | 2.61 | 2.69 |
| Market price per common share at year-end: | | | | | |
| Historical amount | **53.50** | 52.00 | 34.75 | 33.375 | 34.50 |
| Adjusted for general inflation | **53.50** | 53.67 | 38.07 | 40.35 | 47.35 |
| Average Consumer Price Index—Urban | **298.4** | 289.1 | 272.4 | 246.8 | 217.4 |

(For the years ended December 31, 1983 and 1982)

## Quarterly Results of Operations

(In thousands except per share data)

| | Net Operating Revenues | | Gross Profit | |
|---|---|---|---|---|
| | 1983 | 1982 | 1983 | 1982 |
| First quarter | $1,483,480 | $1,216,300 | $ 664,242 | $ 568,315 |
| Second quarter | 1,780,037 | 1,520,328 | 808,397 | 711,396 |
| Third quarter | 1,832,560 | 1,696,152 | 827,323 | 730,009 |
| Fourth quarter | 1,732,915 | 1,588,355 | 756,289 | 700,568 |
| | $6,828,992 | $6,021,135 | $3,056,251 | $2,710,288 |

| | Income From Continuing Operations | | Net Income | |
|---|---|---|---|---|
| | 1983 | 1982 | 1983 | 1982 |
| First quarter | $ 123,536 | $ 106,735 | $ 122,128 | $ 107,616 |
| Second quarter | 162,104 | 139,466 | 160,446 | 139,821 |
| Third quarter | 152,298 | 143,228 | 151,609 | 143,463 |
| Fourth quarter | 120,322 | 113,547 | 124,604 | 121,332 |
| | $ 558,260 | $ 502,976 | $ 558,787 | $ 512,232 |

| | Income Per Share From Continuing Operations | | Net Income Per Share | |
|---|---|---|---|---|
| | 1983 | 1982 | 1983 | 1982 |
| First quarter | $ .91 | $ .86 | $ .90 | $ .87 |
| Second quarter | 1.19 | 1.13 | 1.18 | 1.13 |
| Third quarter | 1.12 | 1.06 | 1.11 | 1.06 |
| Fourth quarter | .88 | .83 | .91 | .89 |
| | $ 4.10 | $ 3.88 | $ 4.10 | $ 3.95 |

The above results for 1982 and the first two quarters of 1983 have been restated to exclude the results of the Company's wine business, which was sold in November 1983 and has been accounted for as a discontinued operation.

HERBERT A. ALLEN
New York, N.Y.
President and Chief Executive Officer,
Allen & Company Incorporated

C. H. CANDLER, JR.
Atlanta, Ga.
Retired

ANNE COX CHAMBERS
Atlanta, Ga.
Chairman,
Atlanta Newspapers

GEORGE S. CRAFT
Atlanta, Ga.
Retired

CHARLES W. DUNCAN, JR.
Houston, Tex.
President and Principal,
Warren-King Companies

RICHARD J. FLAMSON III
Los Angeles, Calif.
Chairman, Board of Directors, and Chief Executive Officer,
Security Pacific Corporation and
Security Pacific National Bank

ROBERTO C. GOIZUETA
Atlanta, Ga.
Chairman, Board of Directors, and Chief Executive Officer,
The Coca-Cola Company

E. GARLAND HERNDON, JR., M.D.
Atlanta, Ga.
Senior Vice President,
Emory University

JOSEPH W. JONES
Atlanta, Ga.
Senior Vice President and Assistant Treasurer,
The Coca-Cola Company

DONALD R. KEOUGH
Atlanta, Ga.
President and Chief Operating Officer,
The Coca-Cola Company

DONALD F. McHENRY
Washington, D.C.
University Research Professor of Diplomacy and International Affairs,
Georgetown University

JAMES D. ROBINSON III
New York, N.Y.
Chairman, Board of Directors, and Chief Executive Officer,
American Express Company

JAMES M. SIBLEY
Atlanta, Ga.
Partner in the law firm of King & Spalding

WILLIAM B. TURNER
Columbus, Ga.
Chairman, Board of Directors, and Chief Executive Officer,
W. C. Bradley Co. and
Chairman of the Board,
CB&T Bancshares, Inc.

JAMES B. WILLIAMS
Atlanta, Ga.
President,
Trust Company of Georgia

GEORGE W. WOODRUFF
Atlanta, Ga.
Retired

R.W. WOODRUFF
Atlanta, Ga.
Chairman Emeritus, Finance Committee,
The Coca-Cola Company

## Corporate Officers

ROBERTO C. GOIZUETA
Chairman, Board of Directors, and Chief Executive Officer

DONALD R. KEOUGH
President and Chief Operating Officer

SAM AYOUB
Senior Executive Vice President and Chief Financial Officer

CLAUS M. HALLE
Senior Executive Vice President

*Executive Vice Presidents*

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IRA C. HERBERT

*Senior Vice Presidents*

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BRIAN G. DYSON
M.A. GIANTURCO
M. DOUGLAS IVESTER
JOSEPH W. JONES
ROBERT A. KELLER
EARL T. LEONARD, JR.
KLAUS PÜTTER
DOUGLAS A. SAAREL
FRANCIS T. VINCENT, JR.
R. V. WALTEMEYER

*Vice Presidents*

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EUGENE V. AMOROSO
HERBERT A. ARNOLD
WILLIAM R. BUEHLER
ROBERT L. CALLAHAN, JR.
PHILIP J. CARSWELL, JR.
LAWRENCE R. COWART
SERGIO DOLFI
MURRAY D. FRIEDMAN
JOHN J. GILLIN
ROBERT D. GUY
J. WAYNE JONES
W. GLENN KERNEL
GLORIA E. LEMOS
S. W. MAGRUDER
ALEX MALASPINA
MAURY C. ROE
COREY R. SMITH
HARRY E. TEASLEY, JR.
CARL WARE

ROBERT A. KELLER
General Counsel

COREY R. SMITH
Treasurer

PHILIP J. CARSWELL, JR.
Controller

DONALD R. GREENE
Secretary

## Officers-Operating Units

**NORTH AMERICA SOFT DRINK BUSINESS SECTOR**

BRIAN G. DYSON
President

**Coca-Cola USA**

BRIAN G. DYSON
President

LAWRENCE R. COWART
Senior Executive Vice President

*Executive Vice Presidents*

THOMAS E. DANNEMILLER
H. RICHARD HILLER, JR.

*Senior Vice Presidents*

ANTON AMON
MICHAEL V. CHEEK
HENRY J. COCKERILL, JR.
CHARLES D. HARTMANN
ALLEN A. McCUSKER
THOMAS H. MULLER, JR.
ROY G. STOUT
DONALD J. ULRICH
SERGIO ZYMAN

*Vice Presidents*

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M. W. BATES
JAMES H. COOLIDGE
ALBERT E. DAVIS
WALTER H. DUNN
NORMAN P. FINDLEY
JAMES L. FORD
CHARLES S. FRENETTE
A. GORDON GRAY
JAMES T. HOWELL
R. BRUCE KIRKMAN
DENNIS K. LARSON
FRANK E. MORLEY III
V. RAY MOSS
JOHN C. REID
GENE D. RICHARDSON
L. NED ROBERTS
JAMES A. RUWOLDT
WILLIAM R. SALTMER
GARY D. SAWYER
IRA A. SMITH
STEVEN L. SNYDER
JAMES A. STELLMACH
RAYMOND R. THOMAS
CHARLES H. TURNQUIST
CHARLES L. WALLACE
JACOB H. WALLER

WILLIAM J. DAVIS
General Counsel

CHESTER J. EVANS
Controller

**Coca-Cola Ltd.**

NEVILLE W. KIRCHMANN
Chairman of the Board and President

*Vice Presidents*

JOHN J. BRENNAN
JAMES A. DRUM
PETER E. LAYCOCK
W. RONALD PRINGLE
DONALD F. SENIOR
DAVID A. STEELE
JOHN N. VOUDOURIS

JOHN MAIR
Vice President and Treasurer

DONALD A. BURWASH
Vice President, General Counsel, and Secretary

**INTERNATIONAL SOFT DRINK BUSINESS SECTOR**

CLAUS M. HALLE
President

**Europe and Africa Group**

KLAUS PÜTTER
President

*Senior Vice Presidents*

ALWIN J. BOLLER
ROBERT L. DELVILLE
GEORG FLEISCHER
ERICH A. KREUSCH
GILBERT J. MARAZZINI
FRIEDRICH J. MEYER
J.M.S. de VICUNA
ANTHONY YOUNG

*Vice Presidents*

A. ERNESTO CAMINO
RALPH H. COOPER
CHARLES K. HOLMES, JR.
BERNARD J. LAPORTE
HENRY A. REID
MARTYN C. RICHARDSON
EVERWIJN VAN STEEDEN

**Latin America Group**

H. T. CIRCUIT
President

*Senior Vice Presidents*

STANLEY J. CLARK
JUAN M. DIAZ

*Vice Presidents*

RAYMOND W. De LAGRAVE
JORGE GIGANTI
JOSE LUIS GONZALEZ
LIONEL A. HUDSON
HEINZ H. HUEBNER
JOSE OTADUY
ROLANDO SAFRANA

**Pacific Group**

JOHN W. GEORGAS
President

*Senior Vice Presidents*

JOHN HUNTER, JR.
WELDON H. JOHNSON
ROBERT PATERSON

*Vice President*

PETER L. LEE

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**FOODS BUSINESS SECTOR**

IRA C. HERBERT
President

**Foods Division**

EUGENE V. AMOROSO
President

B. M. MIDDLEBROOKS
Chairman

*Senior Vice Presidents*

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MATT S. MILLER
CLINTON E. OWENS
JONATHAN E. PARKER

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W. HAROLD BROADWAY
STEVEN M. BRODY
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FOY MEYER
JAY M. MOWER
HARRY S. ROBINSON III
CHARLES R. STELTER
H. GRADY TILLER, JR.
GEORGE W. TRUITT, JR.
MAYNARD C. WHEELER, JR.

HUGH W. THOMPSON III
Vice President and Treasurer

JOHN N. TOUCHSTONE
Vice President, General Counsel, and Secretary

STEPHEN J. SMITH
Controller

PETER B. MORAN
President, Minute Maid Canada, Inc.

**Presto Products, Incorporated**

LAWRENCE W. WIRTH
President

JOHN E. LYNCH
Chairman of the Board

JEROME C. REICH
Executive Vice President

*Senior Vice Presidents*

FRANK H. HECKRODT
GERALD W. WICKLAND

GARY W. HOWARD
Treasurer

CLARENCE E. WALLACE
Secretary

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**ENTERTAINMENT BUSINESS SECTOR**

FRANCIS T. VINCENT, JR.
President

**Columbia Pictures Industries, Inc.**

FRANCIS T. VINCENT, JR.
Chairman of the Board and Chief Executive Officer

RICHARD C. GALLOP
President and Chief Operating Officer

*Executive Vice Presidents*

PETER S. SEALEY
ROBERT L. STONE

*Senior Vice Presidents*

PETER C. KELLS
KENNETH LEMBERGER

*Vice Presidents*

RAYMOND A. BOYCE
PAUL M. CHOLAK
THOMAS B. McGRATH
HUGH K. SWITZER

KENNETH S. WILLIAMS
Treasurer

JAY M. GREEN
Controller-Corporate

ELLIS A. REGENBOGEN
Secretary

**Columbia Pictures**

RICHARD C. GALLOP
Chairman

GUY McELWAINE
President and Chief Executive Officer

ASHLEY BOONE
President, Columbia Pictures Domestic Distribution and Marketing Group

JONATHAN L. DOLGEN
President, Columbia Pictures Domestic Operations and Columbia Pictures Pay-Cable and Home Entertainment Group

JAMES R. SPITZ
President, Columbia Pictures Domestic Distribution

**Columbia Pictures Television**

HERMAN RUSH
President

**Columbia Pictures International Corporation**

PATRICK M. WILLIAMSON
President

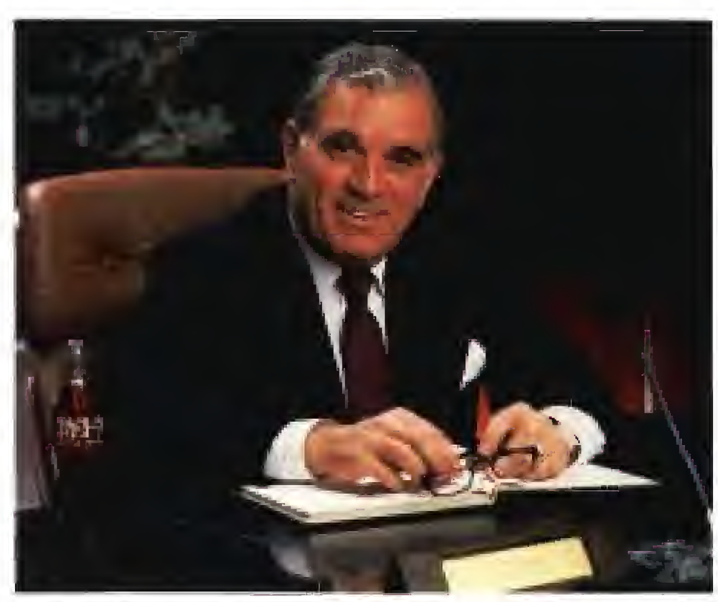
**Mylstar Electronics, Inc.**

BOYD W. BROWNE
President


Sam Ayoub and Roberto C. Goizueta

A. Garth Hamby and R. V. Waltemeyer

Francis T. Vincent, Jr.



John W. Georgas

Claus M. Halle, Donald R. Keough and Brian G. Dyson

H. T. Circuit and Ira C. Herbert

M. Douglas Ivester and Robert A. Keller

Earl T. Leonard, Jr., Klaus Pütter and Douglas A. Saarel

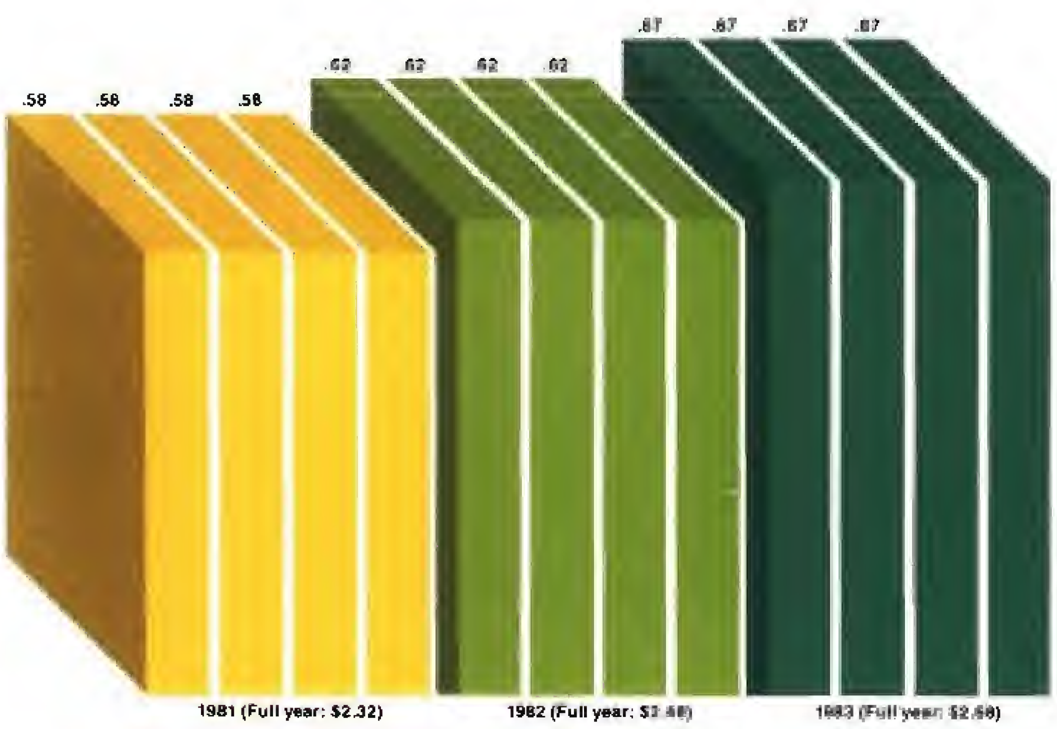
## Common Stock

(Ticker symbol: KO)

Common stock of The Coca-Cola Company, exceeding 136 million shares, is listed and traded on the New York Stock Exchange and also is traded on the Boston, Cincinnati, Midwest, Pacific, and Philadelphia Stock Exchanges. Outside the United States, the Company's common stock is listed and traded on the German exchange in Frankfurt and on Swiss exchanges in Zurich, Geneva, Bern, Basel, and Lausanne. There were 76,738 shareholders of record on January 30, 1984.

## Cash Dividends

Dividends normally are paid on a quarterly basis, usually on the first day of April, July and October and on the fifteenth day of December. Management expects to continue its policy of paying regular cash dividends. Cash dividends were declared on common stock each quarter for the past three years as follows:




## Annual Meeting

The Annual Meeting of Shareholders will be at 9:00 a.m. (local time), April 18, 1984, at Hotel Inter-Continental Houston, 5150 Westheimer Road, Houston, Texas. Shareholders are cordially invited to attend.

## Additional Company Information

The Annual Report is only one of the sources of information available to Company shareholders and the general public. Shareholders regularly receive the following:

*Progress Reports*, issued periodically during the year, which contain financial results and other news about the Company.

*Notice of Annual Meeting and Proxy Statement*, furnished to each shareholder in advance of the Annual Meeting.

A copy of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission may be obtained from the Shareholder Communications Department. Also available from Shareholder Communications is the brochure, *Strategy for the 1980s*, a seven-point statement outlining the Company's business objectives for this decade and beyond. Additionally, a variety of information booklets about the Company and its products are available on request, at no charge, including a copy of the most recent issue of *Commitment*, a report on the Company's activities in the area of social responsibility.

## Corporate Offices

The international headquarters offices of The Coca-Cola Company are located at 310 North Avenue NW, Atlanta, Ga. 30313, (404) 676-2121.

## Stock Market Information

The high, low and last trade (or closing) prices of each quarter for the past three years are as follows:

| | 1983 | | | 1982 | | | 1981 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **High** | **Low** | **Closing** | High | Low | Closing | High | Low | Closing |
| First quarter | **$54.75** | **$45.50** | **$53.50** | $36.875 | $29.75 | $32.75 | $37.875 | $26.75 | $36.875 |
| Second quarter | **57.375** | **49.375** | **49.875** | 36.00 | 31.875 | 33.75 | 40.25 | 33.75 | 34.75 |
| Third quarter | **53.625** | **45.625** | **50.875** | 44.25 | 33.375 | 40.50 | 34.75 | 30.50 | 33.75 |
| Fourth quarter | **57.50** | **50.75** | **53.50** | 53.625 | 40.375 | 52.00 | 37.00 | 33.00 | 34.75 |

**Automatic Dividend Reinvestment Service**

All shareholders of record are eligible to participate in the Company's Automatic Dividend Reinvestment Plan, which offers convenience and economy in acquiring additional shares of the Company's common stock on a regular basis. A major improvement is that the Company now pays all service charges and brokerage commissions associated with participation in the Plan.

In addition to having dividends reinvested, participants may make optional cash payments for the purchase of additional shares of the Company's common stock. In response to interest expressed by participants, the maximum optional cash payment permitted by the Plan has been increased from $1,000 to $3,000 per quarter.

Shareholders may become participants in the Plan by completing an authorization form which can be obtained from Trust Company Bank, the Plan Administrator. Shareholders whose Company stock is registered in the name of a broker, a bank or nominee are not eligible for participation in the Automatic Dividend Reinvestment Plan.

Complete information about the Plan may be obtained by writing to the Shareholder Communications Department at the address below.

**Shareholder Assistance**

Shareholder Communications Department
The Coca-Cola Company
Post Office Drawer 1734
Atlanta, Ga. 30301
(404) 676-2777

**Change of Address or Corrections**

Please direct address changes and all inquiries concerning the way your account is listed to:
Trust Company Bank
Corporate Trust Department
Post Office Box 4625
Atlanta, Ga. 30302

**Transfer Agents & Registrars**

Trust Company Bank
Post Office Box 4625
Atlanta,Ga. 30302

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, N.Y. 10015

**Dividend Disbursing Agent**

Trust Company Bank
Post Office Box 4625
Atlanta, Ga. 30302

**The Coca-Cola Company**
P.O. Drawer 1734
Atlanta, Georgia 30301